



# THIRD WORLD QUARTERLY

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# Third World Quarterly

Volume 6

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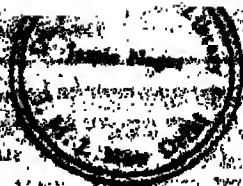
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# Clark Clifford



Born on 25 December 1906 at Fort Scott, Kansas, Clark McAdams Clifford attended college and law school at Washington University in St. Louis, Missouri, the city in which he later rose to prominence as a trial lawyer.

After a brief period of naval service at the end of World War II, Clark Clifford served as special counsel to President Harry S. Truman (1945-50) and played a vital role in shaping policy (such as the 'Truman Doctrine' in 1947) and reorganising the Department of Defense (1947). After a further period of government service, he was appointed to the Foreign Intelligence Advisory Board by President John F. Kennedy (1961) and later to its chairmanship (1963-8). As a close adviser to President Lyndon B. Johnson, he was chosen to succeed Robert S. McNamara as Secretary of Defense (1968) and played a major role in determining American policy in Vietnam.

The 'Truman Doctrine' pledged American support to any country of 'free peoples who are resisting attempted subjugation by armed minorities or by outside pressures'. The immediate stimulus for this approach was the current situation in Greece and Turkey; President Truman requested Congress to appropriate \$400 million in economic and military aid in an attempt to stave off a communist takeover in these countries. By the time of the Johnson Administration, South Vietnam had become America's highest overseas priority. Dwight D. Eisenhower supported Ngo Dinh Diem's regime in South Vietnam after the withdrawal of the French from Indochina and under John F. Kennedy the number of US advisers in South Vietnam increased from 685 in 1961 to 16,000 by late 1963. But it was Johnson who, in 1965, took the decision to bomb North Vietnam and to despatch US combat troops to the South. Air sorties over the North increased from 55,000 in 1965 to 148,000 in 1966. The theory of 'limited war' had great influence in the US Administration at that time. According to the limited war theorists the existence of nuclear weapons had entirely changed the nature and conduct of warfare and measured doses of force could be used to induce an adversary to negotiate and compromise. Johnson said, 'I saw our bombs as my political resources for negotiating a peace. On the one hand our planes and bombs could be used as carrots for the South, strengthening the morale of the South Vietnamese and pushing them to clean up their corrupt house, by demonstrating the depth of our commitment to the war. On the other hand, our bombs could be used as sticks against the North, pressuring North Vietnam to stop its aggression against the South'. At the time of his appointment as Secretary of Defense, Clark Clifford was a firm supporter of the bombing of North Vietnam and was described in the press as a representative of the 'military-industrial complex'.



*Before his appointment he had made at least three trips to Vietnam and went on a fact-finding trip for President Johnson in 1965. In 1967 he and General Maxwell Taylor visited a number of Asian and Pacific countries as Presidential emissaries. After his Asian trip, Mr Clifford said, 'In each instance without exception, the allies agreed on the necessity and value of bombing North Vietnam'.*

*At his Senate confirmation hearing he said he strongly believed that US strategic nuclear capability should be one of 'superiority to not parity with Russia'. He saw China rather than the USSR as America's principal foe and believed that Chinese communism was going through its most aggressive stage: 'We must anticipate that Red China will do all in its power to subjugate its neighbours and to cause as much trouble as they possibly can'. It was thought that Clifford's tenure would see a whole series of 'hard line' changes in US military policies and that the ban on using reserve units in Vietnam would be lifted.*

*On taking over, Clifford headed a high-level Administration committee which included Secretary of State Dean Rusk and presidential aide Walt Rostow, to reappraise the entire US role in Vietnam. After the January 1968 Tet offensive, in which the National Liberation Front hit Saigon, Hue and a hundred other places, Clifford discovered in his meetings at the Pentagon that he 'couldn't get hold of a plan to win the war. [When] I attempted to find out how long it would take to achieve our goal, there was no answer. When I asked how many more men it would take . . . no one could be certain'.*

*It became apparent that the civilian leaders had never determined the maximum number of troops that they should commit to Vietnam to win the war. When Johnson despatched US combat troops to the South he announced a build-up to 125,000 men although he refused to call up reserves. He ordered a build-up despite the lack of promises of a long-term solution from Army leaders. By late 1965 Defense Secretary Robert McNamara privately estimated that 600,000 troops might be needed by 1967 but admitted that even that number 'will not guarantee success'. Johnson was told by General William Westmoreland in 1967 that, with current US troop levels, the war would continue as an indecisive 'meat-grinder'. Johnson then raised the US troop ceiling in South Vietnam to 525,000.*

*By 31 March 1968 the lid was clamped on the American commitment in Vietnam. President Johnson ordered a partial bombing halt in North Vietnam, placed a ceiling of 549,500 American troops in Vietnam, and announced that he would not run for re-election in 1968. On pre-Election Day in 1968 Johnson called a total halt to the bombing of North Vietnam. By the time that Richard Nixon was in the White House it had become clear that US public opinion considered the cost of prolonged US intervention in Vietnam prohibitive and realised that a communist victory in South Vietnam would not be calamitous for America.*

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## NORTH-SOUTH DIALOGUE

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*In 1973 Congress passed the War Powers Resolution, now the War Powers Act, which prohibited the Executive from inferring from any treaty the authority to introduce armed forces into hostilities unless that treaty was implemented by legislation specifically authorising such action, and bars Presidential commitment of US troops in combat beyond 90 days without Congressional approval.*

*In this interview, Clark Clifford reflects on the lessons of Vietnam, the importance of arms control, and the need for greater understanding between the North and South.*

*Altaf Gauhar interviewed Clark Clifford in August 1983 at his chambers in Washington DC where he now practises as an attorney.*

AG: As Secretary of Defense you are believed to have changed US policy toward the Vietnam war. How did you see the communist threat at the time?

CLIFFORD: I originally agreed with our country's policy. It appeared that there was a joint effort going on between the Soviet Union and Red China to spread communism throughout South East Asia. That is how it looked to us at the time. I was part of the generation that had gone through the experience of World War II and I was very conscious of the fact that World War II could have been prevented if the major nations of the world had understood the danger more clearly and more accurately.

When Hitler's army of the Third Reich, for instance, marched into the Rhineland he did so against the advice of the German general staff, and if France and England supported by the United States had objected at that time and moved, I believe the war could have been stopped. But they did not. Hitler then moved into Austria. Again there was an opportunity to stop him. He had marched again over the objections of the general staff. His next move was into Czechoslovakia, and then came the invasion of Poland. That triggered World War II.

Those of my generation who went through the war had this clear recognition that if we had moved earlier it could have been prevented. That is why they were predisposed to act the way they did when they saw signs of communist expansionism. You will remember that toward the end of World War II the Soviet Union embarked on a programme of aggressive expansionism. They took over the countries on their western periphery, Latvia, Lithuania, Estonia, Bulgaria, Romania, Czechoslovakia, Yugoslavia, and later Hungary. We saw all that going on. We could have made the same mistake that we made before World War II, but fortunately we did not. Instead, we embarked upon a long and far-reaching

and, I believe, masterfully-planned defence against Soviet expansionism.

You recall the Berlin blockade; we met that threat bravely and successfully with our airlift. There was President Truman's speech to the Congress in March 1947, in which he enunciated what came to be known as the Truman Doctrine. That saved Greece and Turkey. He said that it should be the policy of the United States to come to the aid of countries which were the object of communist pressure.

After that came the formation of the North Atlantic Treaty Organisation (NATO), which was a message to the Soviet Union that if they were to attack any of our allies in NATO it would be construed as an attack upon the United States. It is my opinion that NATO has kept the peace in Europe and in the adjoining areas for the last thirty-five years. Then came the Marshall Plan to resuscitate and recreate the economy of free nations in Europe. It has long since been forgotten that we also offered the benefits of the Marshall Plan to the Soviet Union but they rejected the offer. Here then was a planned opposition to aggression and it proved to be eminently successful under the shield and umbrella created by the United States. The nations of Western Europe, which were prostrate when World War II ended, had an opportunity of staging a comeback. They rebuilt their war-torn economies and flourished, and I consider this time one of the proudest periods of my country's history.

Thus we had two dramatic examples before us, one showing the results of a situation where free nations refused to face up to aggression, which is what happened when the world failed to recognise what Hitler and the Third Reich were doing. Then there was the example of recognising and resisting aggression with the successes we enjoyed at the end of World War II when we halted Soviet expansionism.

This is an over-lengthy background but it helps explain what our attitude was when the contest in South East Asia began. Here again we placed the events within the framework of our past experience. We thought that we had the choice either to refuse to be involved which could have resulted in a new wave of communism sweeping over South East Asia—I am not telling you what the factual situation was, I am telling you about our perception of the situation—or, we could step in and oppose what we felt was a joint aggression at the time, by the Soviet Union and Red China, both of whom were providing military and economic assistance to North Vietnam. That is how we got engaged in the contest.

I recall, for instance, that there was overwhelming support for what we were doing when the Tonkin Gulf incident occurred and the North Vietnamese fired upon a United States naval vessel. The US Congress met in solemn session and passed a resolution authorising the President to use military force in South East Asia to prevent further encroachment upon what looked like an aggressive design upon neighbouring countries. There were only two dissenting votes out of 530 members, a senator from Oregon and the other a senator from Alaska. All the rest voted for the resolution. The spirit of the country at the time was that we should resist aggression. I remember an occasion when the President said that we must face up to it then or we would have to confront it in the Philippines, in Australia or in New Zealand. President Johnson said it was better to fight in South East Asia instead of fighting later on the West Coast of California. That's the way it looked at the time.

President Eisenhower coined an expression, when he referred (in 1954) to the 'domino theory'; unless we prevented the first domino from toppling, the others would all go down, after South Vietnam, Cambodia would fall, then Thailand, then Burma and down into the sub-continent pulling down Pakistan and India. It could then spread out in the Pacific through the Philippines and then go eastward. That was the feeling at the time and that was the basis of the so-called domino theory. President Eisenhower urged the incoming Kennedy Administration to face up to the challenge.

I had an interesting experience the day before President Kennedy took over. I accompanied President-elect Kennedy to the White House where he had an all-morning conference with President Eisenhower who had his principal advisers with him. Eisenhower, while emphasising the importance of South East Asia, went so far as to say that we must do everything in our power to get our allies to assist us in the defence of South East Asia but if we could not persuade them to do so we must do it alone. That's the way it appeared to almost everyone at the time. I supported this policy because I believed it to be right. As time went on and the war continued to rage, we built up our troops from 50,000 to over 500,000 in Vietnam. I started having doubts about the policy, but deep down I still felt that we would come out alright.

President Johnson asked me and General Maxwell Taylor to go to South East Asia in the Fall of 1967 and we visited all the so-called troop-contributing countries, including Korea, Australia and New Zealand, to study the situation. I found that the Heads of Government and Chiefs of State of those Pacific countries did not share our perception of the problem. That put some further doubts





in my mind, but we appeared to be prevailing in Vietnam and it looked as though our efforts would, in the reasonably near future, lead to the establishment of peace.

At the beginning of 1968, President Johnson appointed me as Secretary of Defense and I went to the Pentagon. This was just after the Tet offensive had shattered the high hopes of an early victory. I was appointed the chairman of a group which was expected to analyse our entire participation in the war. My early weeks as Defense Secretary were devoted entirely to that problem, ten or twelve hours a day. It was in that process that my mind changed completely. I spent a number of days with our Joint Chiefs of Staff in their map room where all of the forces of the United States were designated; it was the nerve centre of our entire military operations in the world. The answers that I was given by our Joint Chiefs of Staff were, to me, eminently unsatisfactory. They could not tell me when the war would end, nor how many more men it would take. They could not tell me whether the bombing of North Vietnam was proving effective. Finally, I asked for a plan of victory in Vietnam. They had none to offer. It was clear to me that our entire strategy was to maintain pressure until the attrition became unbearable for the enemy and he would be forced to capitulate. When would that point be reached? To that, too, they had no answer. I left those meetings with a growing sense of concern and a feeling that if we stayed in the conflict we would be courting disaster.

Some of President Johnson's advisers very much wanted to bring the war in Vietnam to an end by engaging in a land invasion of North Vietnam and occupying the country. For instance, there was a military plan to transport troops by naval vessels and make an Inchon-type landing cutting North Vietnam in two. But there was this terrible problem that North Vietnam at the time had a mutual assistance pact with Red China. We were enemies with Red China at that stage. Every Far Eastern expert we had said, without equivocation, that the moment we started an invasion of North Vietnam it would trigger the mutual assistance pact between North Vietnam and Red China and the Chinese would enter the war. It was their opinion, with which I was in full agreement, that Red China would treat it as the opportunity of a lifetime to bleed the United States to death. Of all the alternatives I could think of, the worst was for our country to get involved in a land war some 10,000 miles away in an area bordering on China, which had a population of over 700 million at that time.

President Johnson declined to accede to the proposal to start an invasion. I believed that we had become involved in a war to which

there was no end. It was after those early weeks of intense application to the problem that I became thoroughly convinced, beyond any reasonable doubt, that we should get out of Vietnam as soon as possible. That was the beginning of a lengthy and difficult period when it became my task to persuade President Johnson to change our country's policy in Vietnam. He didn't want to change the policy. He did it in the end, however, and rather bravely.

To a certain extent he had been troubled by the military asking him in March of that year [1968] to send 200,000 additional troops to Vietnam. He refused to do so. Now the people did not know and the world did not know, but I knew because of my intimate talks with President Johnson on a daily basis, that he had refused to send more troops to Vietnam because, in fact, he had decided to change our country's policy. For the first time he was willing to accept a negotiated settlement in Vietnam instead of an all-out military victory and that is the way we proceeded after that. We started negotiations with North Vietnam and they made some progress, though not as much as we had hoped. But the basic decision had been made and the incoming Nixon administration was left with a state of affairs in which we had already reached the decision not to try to gain a military victory in Vietnam. I have given you a lengthy answer but it is very difficult to do otherwise because of the complexity of the question.

AG: I understand the combination of factors which weighed with you in opting for a negotiated settlement instead of an all-out military victory. Still President Johnson took a long time to change his policy in Vietnam. He was obviously not persuaded either by your 1967 assessment that the leaders in the region did not share the American perception of the communist threat, nor by your conclusion, in 1968, that the Joint Chiefs of Staff did not have any plan for victory.

CLIFFORD: On the first point you raise, which is a very reasonable question, President Johnson felt he was right, he felt that we were being successful in Vietnam. There were expressions from our military and civilian leaders out there that they could now see the light at the end of the tunnel. There were suggestions that maybe we could have our boys home by Christmas 1968. Thus there was a false appearance of movement towards success. In addition, President Johnson had an explanation for the attitude of the leaders of the other countries in the region. He said that their attitude was based upon the fact that they recognised the danger just as he did but they didn't want to face up to it as long as the United States was there and could take over the main burden. Our purpose in going to these countries was to get them to send more troops. Since they did not



want to send their troops, nor did they want to say flatly 'No' to the US, they took the position that the communist thrust was highly exaggerated. The US was big and wealthy and should carry the whole burden, and they manufactured the excuse that the danger to them was not as great as the US thought it was.

That was the way President Johnson argued his position. I did not agree with his interpretation because I had had the benefit of long personal discussions with these countries' leaders. On the second point you are exactly right. I had supported President Johnson on his policy. We had known each other for twenty-five or thirty years. We had worked together and he had used me as an adviser. I wanted nothing from the government so I could give him my advice with complete objectivity. When I changed my view on Vietnam and gave him all the reasons why I had changed it made him very uncomfortable. It wasn't really possible for him in the beginning to say, 'I am now willing to give up all these years of following this one policy and make a complete change'. What he did do was gradually to accept the difference in concept regarding the war, but he did not want it to appear as an abrupt change of policy. He did it by refusing to send the additional troops that the military was asking for and then starting the negotiations with North Vietnam in Paris. Governor Harriman and Cyrus Vance went to Paris and spent months there negotiating with the Vietnamese. So the decision not to send more troops and to start negotiations constituted an almost complete reversal of policy, but President Johnson did it without any public acknowledgement of the difference.

AG: The point you made about the US perception of the communist threat in South East Asia is extremely important. How did this perception develop? Was President Kennedy its originator?

CLIFFORD: President Kennedy was a pragmatist. He didn't permit sentiment to enter into his decisions. He would approach problems very objectively. There has long been a debate in the US as to what our policy would have been in Vietnam had President Kennedy lived. It is a very interesting debate. I have the feeling that we probably would have gotten out of Vietnam earlier had President Kennedy lived.

President Johnson, when he became President in November 1963, and then after the Gulf of Tonkin resolution in 1964, felt, to a certain extent, that the situation in Vietnam was an affront to the US; he recoiled at that and after a while became almost personally involved in the contest.

When Mr Nixon became President in 1969, I had the opportunity of talking to his top people during what we call the interregnum—the time between the election and the inauguration—and I

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explained to them all that had gone on. I said that Mr Nixon could become one of our great national heroes if he would evaluate the situation as we, who had gone through the agony, had done and get us out of Vietnam as quickly as possible. He did not see it that way, nor did Dr Kissinger—they were the two who had the harshest attitude.

On one occasion, President Nixon said that if we were to get out of Vietnam the rest of the world would think that we were a pitiful, helpless giant, words that I felt were completely untrue. But Mr Nixon with his anti-communist background and Kissinger with his background, felt that they had to go on with the war and stand up to communism, despite a lot of pressure to get out. Later, however, in the Nixon Administration there was a breakthrough, and the old US-Chinese enmity ended with an exchange of ambassadors. There were some other accomplishments, too, the agreement on SALT I and the antiballistic missile agreement with the Soviet Union. There were definite steps forward, though there was considerable hostility between the US and the Soviet Union throughout the Nixon years.

President Ford came in for two years and his was a kind of caretaker government. When President Carter came in he actually hoped that he might find some means of reducing the tension between the two countries. He tried hard, but he did not accomplish a whole lot.

At the present time, there is an attitude of suspicion and distrust between the US and the Soviet Union. Both nations are spending an enormous amount of money on the arms build-up. I deeply regret that. Sensible men should be able to find a means of working out a more reasonable arrangement. We have, it has been publicly stated, something in the neighbourhood of 13,000 nuclear weapons, the Soviets have something in the neighbourhood of 10,000 to 11,000 nuclear weapons. When Winston Churchill heard figures like these he said they are building more weapons, but all they will accomplish will be to make 'the rubble bounce'. A haunting expression: 'All that it will do is make the rubble bounce.' We can destroy the Soviet Union many times over, they can destroy us many times over. It is called the balance of terror. What keeps the peace? Our capacity to destroy each other. We can cut back 50 per cent on both sides and still destroy each other, but both are engaged in this insane continuation of building arms. I think it is tragic.

I believe that the two nations, the US and the Soviet Union, should find the means to get along with each other. I understand that our view of the world, and our system of government, are quite different from the Soviet scheme of things. It is very difficult to get

along with them. They probably find it very difficult to get along with us, but the people of both countries want peace. Some progress could be made if there was dedicated leadership. One of the major areas for agreement is arms control. We got a good start with SALT I, which to a great extent was really devised and formulated in the Johnson Administration. We all worked on it. Ultimately, we must either find a basis for both countries to exist, allowing the people to attain their aspirations, or we will destroy the world in which we live. Persons who come into government without much background and training don't have the depth of concern they should have about the danger to the world. My hope is that, as time goes by, both sides will come to see the dangers more clearly.

AG: There is another area on which I would like to have your views and that is the area of aid and assistance. I believe you were responsible for introducing the idea of aid and technical assistance to the developing countries in 1948 that eventually became the Point 4 programme. You introduced that point in President Truman's inaugural speech. How do you see the programme in retrospect? Has it achieved what you had in mind and do you share the view that the existing institutional arrangement, the World Bank, the IMF, needs some fundamental changes?

CLIFFORD: The original concept which became known as Point 4 was a noble one. President Truman believed in it deeply. He wanted it to be one of the outstanding successes of his Administration. Unfortunately, we took a wrong turn at the very beginning. I hoped that a special agency would be set up administered by top civilian businessmen who had experience with worldwide economic activities. I remember discussing the kind of people that we could bring in to implement Point 4. But the State Department insisted that the programme should be administered by them. We had quite a lengthy struggle before the matter was settled. The State Department prevailed and gained control of Point 4. My own opinion is that this arrangement adversely affected the scope, the breadth and the depth of the functioning of the programme. I believe that the programme made a substantial contribution, but it could have been bigger and more successful had it not come under the control of the State Department. But the important concept was there, and it was accepted. Our Congress appropriated funds for it and it has had a very real impact on our thinking ever since.

Now, today, there is need for an entire reevaluation of the existing situation in the world, particularly with reference to the relationship between the developing countries and the developed countries. Some progress has been made, though it was slow and

halting, but even that has been adversely affected during the last three years by the worldwide recession. That has been unfortunate. For the US it has been difficult in the past two-and-a-half years to face up to the needs of the Third World.

Three days ago there appeared in the *New York Times* an article stating that we had a larger percentage of persons who were rated as poverty-stricken than we have had for a great many years, a really rather shocking story to come out of the modern US. I come back to what I consider to be excessive investment in armaments. Are we really engaged in any serious negotiations with the Soviet Union at this time? We have meetings, but I don't get the sense that much progress is being made and I deplore that. I am not saying that the US should not be properly armed, it should be, security must be one of the very first of our concerns. But I have the feeling that it is being overdone, and that as long as the present policy continues, the ability of the US to take a more active part in other areas will be limited. What we need is a change of attitude, a change of policy.

The solution to Third World problems is not just money. That isn't it at all. Money helps, I know, and efforts are being made for a better understanding among what is referred to as the South. I heartily endorse that. Unified action by the South could be of benefit to all. But the US could take a more active part in the international banking sector today; it is in an extraordinarily precarious state. A number of countries have borrowed far beyond their reasonable ability to pay and there are some who state, as an article yesterday in the *New York Times* predicted, that there may be a breakdown in the international banking system. That must be watched with great care, and I would hope the US might take a greater interest in Third World problems. I am not saying that we don't already, we do. One minor illustration of that is the Peace Corps, which has done a great deal of good, and it certainly is a dramatic manifestation of our country's wish to be helpful to those less fortunate than we. But the impact of that has been really very slight.

We must accept the presence of Third World problems and accept a prominent part of the responsibility to resolve those problems. We should do so even in our own interest. Ultimately, substantial benefits will accrue to us. The world cannot endure a situation in which a few countries are wealthy and the rest are steeped in poverty. When such an arrangement cannot work within a country, how can it work within the world? One would hope that our country and other nations would be more far-sighted in this regard.

AG: You have stressed the need for reduction on arms expenditure. I should mention that the countries in the Third World are amassing arms by depriving their people of even the elementary necessities of life.

CLIFFORD: I am aware of that and I sometimes think of how an individual from some other world, in coming to this world, would look at it. They would be, I think, completely baffled at the inability of human beings to find a degree of understanding that would permit them to devote their efforts to improving the lot of their people instead of killing the citizens of other countries. Again, no one country can solve this and I don't know whether any organisation can solve it. I sometimes get discouraged about the UN. I still think it performs a useful service. I had the good fortune to be present in San Francisco in 1945 at the signing of the UN Charter and I have had great hopes for it. It continues to perform a function, but not all that one might have hoped that it would. So I think we must continue to strive, for there is no panacea, there is no one law or one action which could change the world. It will be a long, hard, difficult, tough struggle to overcome certain elements that exist in the human makeup. Occasionally, I get the sensation of some minor progress being made. It would be my hope that greater progress can be made in the future.

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# Javier Pérez de Cuellar

*Javier Pérez de Cuellar is the Secretary-General of the United Nations. He was born in 1920 in Lima, Peru, and was educated at the Catholic University, Lima.*

*He joined the Peruvian Ministry of External Relations in 1940, serving as Secretary at the Peruvian embassies in France, the United Kingdom, Bolivia and Brazil, and as Counsellor at the embassy in Brazil. He returned to Lima in 1961 as Director of the Legal and Personnel Departments in the Ministry of External Relations, was promoted to the rank of Ambassador the following year, becoming successively Director of Administration, Director of Protocol and Director of Political Affairs. From 1964 to 1966, he was the Ambassador of Peru to Switzerland, returning home to take up the post of Permanent Under-Secretary and Secretary-General of the Ministry of External Relations (1966-9). Pérez de Cuellar was then appointed as the first Ambassador of Peru to the Soviet Union, serving in that post from 1969 to 1971.*

*In 1971, he was recalled from the USSR to become the Permanent Representative of Peru to the United Nations and headed the Peruvian delegation at all sessions of the Assembly until 1975. In 1973 and 1974, he was the Peruvian representative on the Security Council. In September 1975, he was appointed Special Representative of the Secretary-General on Cyprus, a post he held until December 1977.*

*Pérez de Cuellar's last diplomatic post before being appointed United Nations Under-Secretary-General for Special Political Affairs (February 1979) was as Ambassador to Venezuela. From April 1981, while still Under-Secretary-General, he served as Personal Representative of the Secretary-General on Afghanistan.*

*He is a former Professor of Diplomatic Law at the Academia Diplomática del Peru and Professor of International Relations at the Academia de Guerra Aérea del Peru, and is author of Manual de Derecho Diplomático (Manual of International Law) (1964).*

*Ataf Gauhar interviewed Pérez de Cuellar in August 1983 in New York.*

AG: I have read your September 1982 report on the work of the United Nations. I thought it was a remarkable document because you delivered all the punches while appearing to hold back. You said that governments had failed to come to terms with the harsh realities of the time and on occasions the United Nations had either not been used or misused. You also remarked that the authority and status of the organisation had been eroded. More specifically,



you deplored that fact that the UN peacekeeping operations are 'overrun or brushed aside' resulting in a severe loss of credibility of the United Nations. You wanted your report to be considered by the Security Council at the highest level. I gather from a reply you gave to a journalist on 14 July that the Security Council has held some 20 informal meetings on your report. What exactly is the status of the report?

PÉREZ DE CUELLAR: They have more or less agreed on several points and I think in a week or ten days' time the Council will make its opinion known. It is not for me to comment on the deliberations of the Security Council. I have been present in the meetings and I have followed the discussions. I think they have produced a document which would perhaps be considered useful.

AG: Since you have seen the document, do you feel that the response of the Security Council to the points made by you in your report is adequate and satisfactory?

PÉREZ DE CUELLAR: I prefer not to pass judgement on their response but only to express satisfaction at the fact that they considered my report so carefully. I am now working on my second report which is also likely to be provocative. I think the Secretary-General's Report should not be a review of the international situation but a reflection on the international situation, which is an entirely different thing. It is somewhat as is the case with your magazine *South*: you are not interested in news but in reflections on the news. Since the Secretary-General's Report is an annual report he has to present his views on the international situation, and then, as the Secretary-General is supposed to be a kind of a conscience of the international community, he has to be honest enough to say what he really believes without being moved by such considerations as whether member-countries will like or dislike his report.

With all due respect for member-countries, I cannot stop to think whether the Russians or the Americans for example would dislike this paragraph or that. My duty is to report to the United Nations membership what I consider to be the international reality, both political and economic.

AG: In this report you express your deep personal anxiety at some of the trends which are rendering the organisation inoperative and ineffective, and you now indicate that your second report is also going to be provocative. Can I

ask whether your sense of anxiety about the organisation has deepened further, or do you have any reason for optimism?

PÉREZ DE CUELLAR: Unfortunately, there is no significant breakthrough though there are some signs of improvement. At times you get the impression that the dialogue between the two major powers is making some advance, but there seems to be no end to this terrible atmosphere of distrust. That is my daily drama. So many of the problems which I deal with are transfixing in the context of this tragic distrust between the East and West. Afghanistan, Namibia, Central America, South East Asia, the Middle East, and also economic and social problems, are all planted in that context. There is not much I can do if the international atmosphere of mistrust does not improve.

AG: You have tried very hard to mobilise the governments into action, pointing out that the whole UN machinery was becoming ineffective. Have you had any indication that governments themselves are beginning to see the need of making this organisation more effective?

PÉREZ DE CUELLAR: I don't know. I can honestly assure you, and you can quote me, I have not got sufficient indication that governments are really interested in using the United Nations mechanism for solving international problems. That is why I try to take whatever initiative I can. In the last 48 hours I have taken three decisions: to accelerate the pace in the almost 20-year-long negotiations on Cyprus; to undertake this very hectic trip to South Africa; and I have asked my representative not to go to Afghanistan and Pakistan at this stage. As for Namibia, I thought it would be better for me to discuss the issue personally with the South African Foreign Minister and other Cabinet Ministers. Perhaps the physical presence of the Secretary-General might be helpful in solving this problem. I think that the Secretary-General has to be very active but, for me, action must be preceded by some assurance that my moves will be both productive and positive. I have hesitated very much to go there because I wanted to go to South Africa on my own conditions, not on South African conditions.

AG: Are you now going on your own conditions? Is it your purpose to generate some life in the stalemate on Namibian independence?

PÉREZ DE CUELLAR: I am going on my own conditions in the sense that I am

going to South Africa with an open agenda, which for me was very important because I wasn't prepared to go to South Africa on the condition that the subject to be discussed was the linkage between Cuban troop withdrawal from Angola and the independence of Namibia. I cannot accept that as a precondition for Namibian independence. I have said it publicly and privately countless times. I will try to do whatever I can and if I obtain nothing then the Security Council will have a report which will prove that all avenues were explored and not a single stone was left unturned.

AG: I mentioned in the beginning the point you made about the UN peacekeeping operations. Is there any possibility that governments and member-states might agree that if a peacekeeping operation mounted with their unanimous support is 'overrun or brushed aside', they will resort to automatic imposition of sanctions and major powers will not exercise their veto power to block the imposition of sanctions?

PÉREZ DE CUELLAR: What you are saying is basically what I am hoping the Security Council will consider. Just to set up a peacekeeping operation and compose a peacekeeping force is so difficult because you have to have a certain balance of nationalities so that there is no opposition from any member of the Security Council, particularly any permanent member of the Security Council. We have to give our troops enough muscle especially if we cannot give them tanks and planes and cannons. We should give them the assurance that if they are brushed aside they will be protected, and appropriate action will be imposed. That is exactly what I would like.

AG: Do you think they are moving in that direction?

PÉREZ DE CUELLAR: It is very difficult to say. What might force them to move in that direction is the growing reluctance of member-countries to provide troops unless they have some guarantee that their troops will be protected. It is not the developing countries who ask for such a guarantee, it is the developed countries who insist on it. For instance the Netherlands and Norway are hesitant to continue providing troops to the United Nations Interim Force in the Lebanon (UNIFIL). The Netherlands have told me very frankly that they are prepared to extend their presence in Lebanon for three more months but not beyond. This is

something which might persuade the members to think in terms of making their peacekeeping operations more effective.

AG: There is the other problem that while it is the legitimate role of the United Nations to provide peacekeeping forces, on two occasions multinational forces were set up by the United States which was really tantamount to telling the United Nations that 'we don't trust you to handle difficult matters'. With that background it seems that the major powers might be unwilling to support UN peacekeeping operations.

PÉREZ DE CUELLAR: This takes us back to the problem of collective security; the system of collective security which was well foreseen in the UN Charter. When the founding fathers were thinking of a collective security system they were conscious of the difficulties of making any peacekeeping operation work without the collective security system. I think that if we were to go back to that system we would have enough assurance that any decision of the Security Council to maintain peace would be respected. It is in the Charter. Unfortunately, many member-countries have forgotten or are not complying with what they have signed and are committed to.

AG: I don't have to recite to you a list of all the crises in the world. I read about them, you deal with them. But I get the feeling that the UN is getting more and more isolated from world problems. Take Lebanon, which is already a *fait accompli*; the Iran-Iraq war drags on despite your report which you said was reasonably received by the two sides. There is no progress on Afghanistan and Mrs Thatcher is not likely to yield an inch on the Malvinas. You said, reflecting on all these situations, that we are perilously close to a new international anarchy. Do you think we are likely to go over the edge?

PÉREZ DE CUELLAR: Unfortunately I think there is no sign of any easing of a situation which is very close to anarchy. By anarchy, I mean that even when there is an international organisation which is supposed to put some order into international relations it is ignored. That is anarchy. In Lebanon we are facing an extremely dangerous problem. Some of the parties to the problem want to avoid any United Nations involvement. They want only the peacekeeping forces which help them in some way. Unfortunately, there is no



way for the United Nations, not even for the Security Council, to impose its involvement in a problem. It is not realistic for them, apart from the largely unutilised provisions of Chapter Seven of the Charter, to enforce their own resolutions. I maintain what I said in my report: the only way of finding a solution of the Middle East problem is through United Nations involvement. The Security Council is the appropriate forum to discuss the Middle East problem since all parties concerned would have their say. We could evolve new procedures, as I said to Mr Andropov when we discussed the Middle East in Moscow.

AG: What was his response?

PÉREZ DE CUELLAR: Well, he didn't react one way or another. He has reiterated his idea of an international conference to consider the Middle East problem. I told him that I thought an international conference would be very difficult to organise: the venue, the chairmanship, the participants, and the role of the United Nations would be extremely difficult to decide.

The Security Council offers a better forum where the presidency is not a problem, it is a rotating presidency. The Israelis have their say, the Palestinians are allowed to state their position, and every country who might wish to intervene will be able to do so. I think they can at the same time adapt their rules of procedure. Don't forget that they have provisional rules of procedure in the Security Council; they could thereafter decide to set up sub-committees in order to deal with different aspects of a problem, and the Council could function in open or closed meetings. They have enough flexibility to adapt their procedures to find a comprehensive solution of the problem. But the difficulty is that some of those concerned don't want to have the United Nations involved in the Middle East problem. They object to the United Nations presence.

AG: It has been suggested that we are using outdated concepts and techniques of diplomacy for the resolution of conflict. We employ nineteenth-century techniques to solve current problems. Take Lebanon, Afghanistan or Namibia. How can these problems be solved if the resistance groups are excluded from the talks, whether it is the PLO or the *mujahadin*?

PÉREZ DE CUELLAR: I think this is an important point. In the nineteenth century there were two or three international conferences such as

the Congress of Vienna (1814-15) and The Hague Congress. The twentieth century has seen the League of Nations and the United Nations. We now have a new form of diplomacy, which we call parliamentary diplomacy or multilateral diplomacy, but problems are still sometimes dealt with according to nineteenth- and eighteenth-century techniques favouring secrecy, and the bilateral approach. We are going back to old forms. The problem is not that we need new diplomatic methods because all existing methods have been tested. The problem is a lack of political will.

Take the discussions in the United Nations Security Council, where the major powers and others address international problems. Too often they do not put aside their narrow national interests, nor do they think adequately in terms of global interests. That is why I say the approach to international problems is not realistic. We have to put an end to this. They must be made to deal with problems in the context of world peace and not in the context only of their own interests. They must honour the Charter of the United Nations which offers a new, philosophical and moral approach to global problems. The aim of the Charter was to create an equitable international order, and this can only be achieved by putting aside narrow national interests. I understand that sometimes the major powers have immediate legitimate interests to protect. I don't say they should forget these interests. But what I think they must forget is any possible aspiration to global domination.

AG: These are problems of vision and statesmanship. I was talking mainly of techniques. For example, the most favoured technique of the United States administration has been to negotiate from strength. Put the adversary under high pressure and frighten him into submission. Now that technique, I suggest, is outmoded and counter-productive.

PÉREZ DE CUELLAR: The expression may be somewhat old fashioned, but it is a matter of international morality. The philosophy of the Charter of the United Nations is perfect. We could change articles but I don't think we need to change the spirit of the Charter, which means a kind of religion for the international community. The Charter contains principles which should be adhered to by all countries and every

transgression of the rules should be treated as immorality. It is the moral approach to all international problems that we need.

AG: Might I relate this to a current problem—the convulsion in Central America? I recently asked Clark Clifford, who was Defense Secretary in the Johnson Administration, whether the situation into which America is being drawn in Central America was in any way similar to the one in Vietnam. His answer was that perhaps the American perception of the Communist threat in the two regions was similar. He added that it was not the reality of the threat but its perception which was important. The perception might be quite wrong, and he admitted that the US perception of the Communist threat in South East Asia was wrong. Would you say that the situation in Central America is deteriorating because the Americans are responding to their own perception of the Communist threat in the region? The Nicaraguans say that they are trying to protect their revolution, the Americans say that they are trying to protect their dominoes. So apart from techniques, it is perception which determines national policies. Do you think that the situation in Central America presents a grave threat to the US, that it has to put up a great show of force to deal with it?

PÉREZ DE CUELLAR: I belong to that area and I must say that the problem in Central and South America, from Mexico to Chile, is more or less the same. It is social and economic injustice and inequitable distribution of wealth and this is at the root of all the difficulties in Guatemala, in Chile, in Ecuador or in Peru and El Salvador, to name but a few at random. The problem has never been addressed, although we have been independent for 150 years, and it is our fault that this is so. The remnants of this social injustice, are still there and that is why we have revolutions. I have great respect for all the efforts made by different Latin American countries to solve their internal problems. There are leftist governments and rightist governments. They can deal with their problems in their own way, but they should not try to export their revolutions or their philosophies. I think the problem we are facing in Central America is that two ideological opposites try to export their approach to problems. If you have the leftist approach in Nicaragua, it must be respected provided the Nicaraguans don't want to

export their approach to the Salvadorians or to the Hondurans. Likewise for the Hondurans who have another approach, which they should not try to impose on the others. First of all this affects international security in the area; second, your own revolution, either rightist or leftist (I don't take sides) is put in jeopardy because it creates a situation of military confrontation. I think one cannot live in harmony in an area as complicated as Central America without mutual respect.

The Nicaraguans have to respect the Hondurans and the Hondurans have to respect the Nicaraguans. If their revolution doesn't succeed, well it is for the Nicaraguans to solve their problems, and if the Honduran or the Salvadoran efforts do not succeed that is their problem. As a Latin American, I hate the idea of interference, and if I don't like interference by Latin Americans in each other's problems I dislike still more interference by powers external to the area, whether American or Soviet or even Cuban. If you want to redecorate your house it is not for your neighbour to tell you to redecorate your house in the style he prefers. We have to work on that basis if we are to maintain some stability in Latin America, especially in Central America. Of course, you could say that I am being a true diplomat by avoiding taking sides, but I think that it is important that countries respect each other's internal affairs and that external forces should not intervene in the solution of the problems of the Latin American area. These two things combined could, I believe, help to solve the problem.

AG: Last time you were asked about the situation in Nicaragua you said that you heard different bells. Are the bells still ringing discordantly or do you find some harmony?

PÉREZ DE CUELLAR: At this moment I think that things are more or less quiet. I always believed that the Contadora Group was the best approach for the solution of the problem because these countries know the problems of the area, they know the socioeconomic aspects of the problem. We have to give them a chance, we must be patient, because it is not an easy task. We must not try to solve the problem on the basis of political ideologies. We should approach these problems with an open mind without inserting ideological elements which only serve to complicate things.

AG: Another doctrine—of spheres of influence—has resurfaced in relationship to Chad. President Reagan



announced that the French must assume responsibility because Chad was within the French sphere of influence. What was even more upsetting for people in the Third World was that a former colonial power was regarded as some kind of a natural power which should intervene in the crisis rather than the United Nations. How do you react to this reassertion of the sphere of influence doctrine?

PÉREZ DE CUELLAR: If I were to accept either of the expressions 'superpowers' or 'sphere of influence', I had better go home. We cannot accept the concept of superpowers and spheres of influence in the United Nations. Don't forget that the concept of superpowers in some way contains within it the idea of spheres of influence. I think this is something we, the people of the United Nations, should discard completely from our language. You will rarely hear me saying 'superpowers', I prefer to call them major groups of powers or major powers. I hate the idea of superpowers because that is a most negative element, and is exactly the kind of concept that makes things difficult. It is this division, this partition of the world into two kinds of worlds which makes the solution of problems so difficult. I thought that we had forgotten about spheres of influence in the beginning of the century, before World War I. I think it was probably a lapse of language when this expression was used in connection with Chad. If I accept the notion of spheres of influence, then I must accept that Afghanistan is in the sphere of influence of the Soviet Union and that Central America is in the sphere of influence of the United States. And then we are indeed lost.

AG: I don't think it was a question of *lapsus linguae*, a lapse of language. It was a statement of the US position at the highest level.

PÉREZ DE CUELLAR: I don't know if that was the case. But I cannot accept that position. Why not say Chad is within the sphere of influence of Libya? Libya could claim, as an important African country, that it must have Chad within its sphere of influence. Why should it be within the French sphere? France is far away, and it is a former colonial power. I would like to think that it was really a lapse of language. I repeat very emphatically, we cannot accept either the existence of superpowers or the idea of spheres of

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## NORTH-SOUTH DIALOGUE

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influence, otherwise this organisation has no justification to exist.

AG: Do you see any progress in the talks on Afghanistan toward the withdrawal of Soviet troops and the creation of conditions which would end the guerrilla war and allow the repatriation of the four-and-a-half million Afghan refugees in Pakistan and Iran?

PÉREZ DE CUELLAR: On Afghanistan I think we have to be very patient. It is not an easy problem. I think we are moving in the right direction, we are working on the basis of a comprehensive draft agreement and we are trying to fill up the framework that we have set up. That needs patience. This problem is set in this terrible context of East-West rivalry which doesn't help. I really hope very much that I can do something. The only thing that I can tell you is that both parties, Pakistan and Afghanistan, are interested in the United Nations resolving this problem. That is enough for me to continue my efforts because if I find a country—for instance, Pakistan—coming to us and saying 'please proceed' and then Afghanistan says the same, then we keep up our efforts. If those two countries trust the United Nations, how can I tell them that I have had enough of their difficulties. No, on the contrary, I have to encourage countries which really trust the United Nations and want the United Nations to help them solve their problems.

AG: I have a question which I ask with great hesitation but with the greatest of respect. I find that there is, among people from the Third World, a slight sense of grievance and disappointment at some of the observations which you have made recently: first, according to you, the present economic crisis is directly the result of energy prices; secondly, you blame the Third World for not putting its house in order and do not seem to share the view that the difficulties of the Third World are primarily due to their being trapped in an unjust international economic order; thirdly, you do not even support the UNESCO programme for the establishment of a New International Information Order; and finally, you even think that UNCTAD VI made some positive contribution, a view shared only by Gamani Corea.

PÉREZ DE CUELLAR: Unfortunately, these are all either misquotations or incomplete quotations. You quote me as saying that I put the blame on Third World countries. Don't forget that I

am Peruvian, I am not from the industrialised world, and I said that one of the elements, one of the prerequisites for solving the problems of developing countries is that the Third World should put its own house in order. I think also that immediate measures are necessary to solve the problem of the developing countries, related mainly to their balance of payments and the protectionist barriers they face. There are so many measures to be taken to help the developing countries that I think it is entirely wrong merely to assert that the economic recovery in the US and some other developed countries will immediately extend its benefits to the Third World countries. On the contrary, I think that the benefit from the American recovery will be very slow.

Secondly, I cannot agree with what you said about UNESCO. The only thing I oppose is if the New International Information Order is used to control information. What I cannot accept is an arrangement which leads to the censorship of the press. It is probably some Western journalist who emphasised the part about putting our house in order which created some misunderstanding. In fact, I listed a number of measures which must be taken. If I want to get the assistance of developed countries I have to prove to them that I am reliable, which is the least that can be expected. I have said many times publicly and privately that the common denominator of the North-South relationship, is the concept of interdependence. This, I think, is the key word which we must keep in mind. The developed countries are merely distributing assistance to the developing countries by contributing to the development of the developing countries. There is mutual benefit. Before I became Secretary-General I had a disagreement in Lima in a symposium with Milton Friedman because he became incensed when I referred to interdependence.

As for UNCTAD VI, I saw it as the beginning of a dialogue. I don't say that UNCTAD VI was either a great success or a failure. What was achieved in UNCTAD VI was not very much but it was an element in the dialogue between the North and South which needs to be continued in the next General Assembly.



## Energy and the Southern African Regional Confrontation

Southern Africa is a region marked by rapidly escalating crisis and confrontation and increasingly this is centring on the energy issue. This should not perhaps come as a surprise, given the central role that energy production and transmission plays in economic life; however, thus far, it has received very little attention. Energy is the lifeblood of any economic system. It is the power to do work. Cut off or restrict the flow of energy, and development, even survival, is threatened. Interruptions in power supply can bring to a halt industrial and mechanised agricultural production with devastating results on development efforts. Essentially, the region faces a threefold energy crisis. The first and most immediate threat is posed by South Africa, as directly and indirectly it is attacking the energy arteries of the Frontline States (FLS), taking an offensive strategy in its own struggle for survival and thereby threatening the survival of others. Secondly, as the world recession bites deeper into the countries of the global periphery, the cost of commercial energy imports and modern infrastructure becomes an intolerable burden for the FLS. And, finally, for the peasant families who comprise over 80 per cent of the region's inhabitants, many face diminishing supplies of firewood—the people's fuel.

A key focus in the regional confrontation has been the attempt by the nine member-states of the Southern Africa Development Co-ordination Conference (SADCC): Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe, to increase self-reliant development through regional co-operation.<sup>1</sup> SADCC was formed in 1980 with the aim of lessening the member-states' global dependence in general and that on South Africa in particular. Historically, a regional economic sub-system had emerged in Southern Africa, with the South African economy dominating the surrounding states.<sup>2</sup> The ties of dependency are clearly apparent in the fields of transport, migrant labour, the customs and currency union (for Botswana,

<sup>1</sup> For the general background to SADCC see A J Nsekela (ed), *Southern Africa: toward economic liberation*, London: Rex Collings, 1981; A Kgarebe (ed), *SADCC 2—Maputo*, London: SADCC Liaison Committee, 1981; R Leys and A Tostenson, 'Regional Co-operation in Southern African Development Co-ordination Conference', in *Review of African Political Economy* (23) 1982.

<sup>2</sup> See B Munslow, *Mozambique: the revolution and its origins*, London: Longman, 1983, chapter 3, for a discussion of this theme.

Lesotho and Swaziland) energy and trade.<sup>3</sup> The extent of dependence varies from country to country, with only Angola and Tanzania being relatively immune. The collapse, first of the Portuguese empire and then of the Rhodesian settler state, has meant that South Africa no longer has any buffer states remaining, and its back is truly up against the wall. In such a situation, Pretoria has produced a 'Total Strategy' policy for survival. This involves the use of both the carrot and the stick, with attempts to bribe member-states away from SADCC, as in the case of the Swaziland land deal, and punitive measures being taken against those states seen to oppose most directly South Africa's interests. The first part of the article outlines these punitive measures in careful detail. We then go on to examine the vulnerability of the energy lifelines of the South African economy, which have no less been the subject of attacks. SADCC has already made significant advances in its own energy programme, noticeably with the regional energy seminar it held in Harare at the end of 1982. The second half of the article discusses both commercial and non-commercial energy consumption and supply in SADCC. It goes on to assess the energy prospects to the end of the century.

### The Frontline States

Angola's economy relies heavily on its petroleum production which accounted for 72 per cent of export income in 1979 and about 78 per cent in 1981.<sup>4</sup> This predominant role is, in no small part, the result of economic disruptions created by the second war of liberation in 1975-6 and the subsequent destabilisation which has meant that agricultural and industrial production is less than half that of 1973. However, petroleum output has declined significantly from its peak of 8,604 million tons in 1977, down to 6,420 million tons in 1981. At present the country has only one refinery on the outskirts of Luanda. It has an installed capacity of 1.5 million tons but actual production had only reached 1.18 million tons by 1981 of which half is exported.

Given the key role of petroleum in the economy, a serious blow occurred with a South African-backed commando raid on the Luanda refinery in November 1981, when storage tanks were destroyed. This was the most serious of four attacks on major energy installations carried out within the country. The others were an attack earlier that year on petroleum storage tanks at the port of Lobito. This supply satisfies the needs of the relatively densely populated areas of the High Plateau in the interior, which has historically been the focus for the most intensive UNITA (National Union for the Total Independence of Angola) activity. UNITA is the most extensively backed of all South Africa's client groups used to destabilise the neighbouring states. The

<sup>3</sup> A Tostenson, *Dependence and Collective Self-Reliance in Southern Africa*, Research Report No. 62, Uppsala: Scandinavian Institute of African Studies, 1982.

<sup>4</sup> Statistics on Angola are taken from M Bhagavan, 'Angola', in P O'Keefe and B Munslow (eds), *Energy and Development in Southern Africa*, forthcoming.

attack on Lobito was intended to be a blow to the successful counter-offensive launched by the MPLA (Popular Movement for the Liberation of Angola) government against the rebel bands. A third attack occurred, in 1983, at Lomaum in Benguela province, where both the hydroelectric station and the dam were destroyed. This was rapidly followed by an attack at the Alto-Catumbela sub-station where a large number of Czechoslovakian workers were captured. As an interesting aside, it is a significant reflection on UNITA policies and its attempts to curry favour in the West, that it offered first to exchange the hostages for the seven British mercenaries held since Angola's second war of liberation (against foreign invasion forces in 1975-6), soon followed by an offer to exchange them for Soviet prisoners captured by Afghan rebels.

In addition, the hydroelectric station at Rucana, on the Cunene river along the Namibian border, is still not delivering any power to Angola because of the South African occupation of Namibia—the generating station is on the Namibian side of the border. Only with the independence of Namibia is the return of a secure supply ensured. Meanwhile, Angola is obliged to 'freely' export power to the multinationals in Namibia. One of the most serious effects of the war in Angola is the need to spend oil revenues on the military effort instead of on development projects to revive the country's shattered economy. Bringing a halt to the war in the south is therefore a pressing concern.

Mozambique has been no less affected than Angola, with the sabotage of its two most vital energy installations. In December 1982, the petroleum refinery at Beira was badly damaged in a commando raid. This followed earlier acts of sabotage on the Beira-Mutare oil pipeline. Not only did this affect Mozambique's energy needs, it also created a severe fuel crisis in Zimbabwe. Transport and production were disrupted in both countries and this inevitably had implications for foreign exchange earnings. Attacks on the railway have also affected Malawi's fuel supply and its import and export trade, with about two-thirds of the railed traffic using the Mozambican port of Beira.

A far more tangled problem concerned Cabora Bassa. Built as a colonial project to sell power to South Africa and to impede the progress of the national liberation struggle, it involved the creation of a huge dam and lake meant to contain Frelimo (Front for the Liberation of Mozambique) in the north of Tete province. At the time of Mozambique's independence in June 1975, an agreement was reached that Portugal would retain responsibility for the debt until South Africa's imports had paid this off. At such time, the project would revert back to Mozambican ownership. This accord has been seriously threatened as the South African-backed MNR (National Resistance Movement) has continually blown up the transmission lines. On five occasions these were repaired, only to be destroyed again a few days later. A number of consequences followed. First, under the existing arrangement, a small part of the power was reimported to meet the needs of the south of Mozambique,

having been converted from direct current to alternating current on the South African side. The government paid for this power in local currency to the Cabora Bassa Hydroelectric Company. With the constant disruption over the past two years, Mozambique has been obliged to pay South Africa half a million dollars per month in scarce foreign currency to import ESCOM (Electricity Supply Commission) electricity and the price is rising by 30 per cent a year.

Of more far-reaching concern is the likely position to be adopted by Portugal. As the supply of electricity is interrupted, South Africa has stopped its payments. Portugal's debt is not being reduced, but is continually increasing. Portugal is also responsible for paying the 1,200 workers on the site and the maintenance costs. The 200 expatriate workers alone account for several million dollars per year. Faced with such a drain, Portugal may decide to end its commitment and hand the project over to Mozambique.

Much uncertainty surrounds the scheme as the South Africans have failed to issue a statement of their intentions. It is not clear whether South Africa wishes to resume supplies, which their control of the MNR permits, or whether it suits their current interests to leave the future uncertain whilst keeping up the economic and military pressure, both to weaken the economy and to try and oblige the Mozambican government to suspend all African National Congress (ANC) activities in its territory. Given the record to date, and the huge push towards achieving energy self-sufficiency in South Africa through its massive construction programme of dry-cooled thermal power stations running on coal resources, its nuclear power station and its SASOL (South African Coal, Oil and Gas Corporation) coal to oil conversion plants, it seems likely that South Africa is no longer interested in purchasing power from Mozambique.

The Frelimo government then has to face the prospect of writing off its major customer and finding alternative markets for a massive 2,000 MW of power. If Mozambique wished to use power from Cabora Bassa for the south of the country, it would have to construct a second line and build a converter at the dam. This would imply a heavy investment cost. The project would take seven to eight years to complete and, by the time it came into operation, the situation *vis-à-vis* South Africa may have changed and the cheaper power from the existing direct current line could again be utilised in the south. The government is already constructing a centre-north powerline to use Cabora Bassa power to electrify the northern half of the country. But this project was temporarily halted after an Italian engineer was kidnapped in Zambezia Province in April 1983.<sup>a</sup>

Lesotho has also been a target for similar kinds of attack. One of the country's three main petrol storage depots containing 60,500 gallons of fuel was completely destroyed on 13 February 1983, and the government said

<sup>a</sup> *The Guardian* (London), 29 June 1983.

officially that it held South Africa 'wholly responsible' for the sabotage.<sup>6</sup> Following the attack on the Beira oil depot and the pipeline at the end of 1982, Zimbabwe faced a serious fuel crisis threatening its economy. The South African government tried to use this situation to force Zimbabwe to sign an official three-year contract for petrol and diesel fuel. Prime Minister Mugabe successfully resisted the pressure, but at some cost. Attacks on energy supplies in Mozambique were clearly also aimed at exposing the vulnerability of Zimbabwe and were all part of a strategy to destroy SADCC efforts and increase dependence on South Africa.

### South Africa

But energy vulnerability is a two-way street, and South Africa's own economy has proved extremely open to similar kinds of military actions, carried out by the African National Congress. In the three and a half year period from the beginning of 1980, at least fifty bombing attacks have been reported in the South African press and many more must have gone unreported.<sup>7</sup> Of these, more than a dozen have been directed against energy targets. On 1 June 1980, a series of blasts at Sasolburg destroyed eight fuel tanks, five at the SASOL plant itself and three at the neighbouring Natref refinery. The following day, three bombs were discovered at the Springs HQ of Fluor, the consortium building the new SASOL complexes. In April of the following year, a bomb blast derailed coal trucks on the important Richards Bay-Vryheid line. Later in the same month, an electrical sub-station in Durham was blown up with limpet mines and, in May, power lines were cut in Vrede in the Orange Free State. Then, in July 1981, a limpet mine was defused at a huge fuel storage depot in Alberton, followed by a more successful three-pronged attack on Transvaal ESCOM installations. On 21 October, blasts wrecked a transformer in Evander and this was followed by attempts to blow up the SASOL 3 water pipeline at nearby Secunda. The following month four limpet mines exploded at the Rosslyn power sub-station in Pretoria. In December another sub-station in Pretoria was bombed. On 28 May 1982, limpet mines damaged a fuel depot and ESCOM transformer in the Eastern Transvaal. Exactly one month later, a bomb shattered the Durban-Witwatersrand oil pipeline in Scheepersneck. Then, in November, a Mobil fuel storage deposit was severely damaged at the small Zululand town of Mkuze.

A spectacularly successful action was carried out, on 18-19 December 1982, when four major explosions rocked the Koeberg nuclear power station. This led to white protests about the safety of the plant and gave a push to the anti-nuclear fears in general. Given that the Cape Province lacks coal, South Africa has been developing a nuclear power programme to meet its energy

<sup>6</sup> *Sunday Times* (London), 15 February 1983.

<sup>7</sup> The following information on attacks within South Africa, is taken from the South African press, as reported in *ANC Weekly News Briefings* 7(22) May 1983.





needs, rather than risk the strategic vulnerability to guerrilla attack implied by having long transmission lines from coal-fired stations in the Transvaal. Currently the government is thinking of constructing a further nuclear power station in the Cape but it remains to be seen in the light of the Koeberg attack whether they will press ahead.<sup>8</sup> It also remains unclear whether a fire at the top secret nuclear research centre of Pelindaba in February 1983 was the result of sabotage.<sup>9</sup> But this, plus the plan to establish a new nuclear research centre in the Riversdale district of the southern Cape coast, can only increase both public fears and strategic vulnerability.<sup>10</sup>

South Africa publicly underplays its energy shortage. When the coal-oil conversion plant, SASOL 3, is completed in 1984, it is sometimes claimed that there will be no need for imports. But this is not the case, as the three SASOL plants together will supply, at most, only 47 per cent of requirements.<sup>11</sup> According to a recent energy survey, even to attain a liquid fuel self-sufficiency level of about 70 per cent by 1995 would require three more SASOL plants, and a further one every three years thereafter.<sup>12</sup> The country remains highly vulnerable to an effective, total, international petroleum boycott and the cost of producing a barrel of oil from coal is many times the current market price. Through the Strategic Fuel Fund Association, at least 18 months of crude oil supplies have been amassed against such an eventuality, although, clearly, such supplies are themselves open to attack. According to a recent study carried out by a Dutch consultancy group, in spite of all the measures taken to reduce dependency on imported oil, South Africa still needs to import 15 million tonnes of crude per annum.<sup>13</sup> Even more astounding is their calculation that the total cost of circumventing the existing voluntary oil embargo is 2,100 million dollars a year.

Some measure of the seriousness with which South Africa views the energy situation can be deduced from its recent rationalisation of energy policy, with the establishment of a separate coordinating Department of Energy within the overall Department of Mineral and Energy Affairs. Its Director-General, Sarel du Plessis, has said: 'The energy policy of the State is directed towards attaining the highest degree of energy self-sufficiency for the country within a framework of balanced strategic and economic priorities'.<sup>14</sup> Coal provides the foundation of the country's energy policy. ESCOM is the largest supplier of electricity in the country and, through SASOL, it is also indirectly involved in the

<sup>8</sup> *Rand Daily Mail* (Johannesburg), 15 February 1983.

<sup>9</sup> *The Times* (London), 25 February 1983.

<sup>10</sup> *The Times* (London), 23 June 1983.

<sup>11</sup> J Barber, J Blumenfeld, and C R Hill, *The West and South Africa*, London: Routledge and Kegan Paul, 1982, p. 55.

<sup>12</sup> *Financial Mail* (Johannesburg), 5 March 1982. This energy survey provides most of the data in the following section, unless otherwise stated.

<sup>13</sup> *The Financial Gazette* (Johannesburg), 10 June 1983.

<sup>14</sup> *Financial Mail* (Johannesburg), 5 March 1982.

production of synthetic liquid fuels. It is estimated that these two bodies will account for 80 per cent of the total local consumption of coal by 1985. The official figures for South Africa's coal reserves are 110,000 million tonnes. So great are the deposits that the coal export ceiling has been increased from 48 to 80 million tonnes per year for the next thirty years. This would accumulatively total less than 5 per cent of currently exploitable reserves. Current domestic demand for coal is the same as the export ceiling. By 1990, coal will account for 57 per cent of non-gold exports. However, a massive export colliery being developed by the Exxon Corporation in Colombia will be producing 15 million tons of cheaper coal annually by then and hence threaten South African exports.<sup>15</sup>

ESCOM is the second largest enterprise in South Africa after South African Transport Services. It is possibly the fastest growing utility in the world and ranks about sixth largest overall. It is by far the largest purchaser of power generating equipment in the West, accounting for about 40 per cent of total Western exports. ESCOM has been growing at 8.8 per cent a year and electricity's share of total energy supply is constantly growing. South African railways are converting from diesel to electricity; domestically, electric stoves are replacing wood burners and, at the Sishen mine, diesel vehicles are being replaced by electrically-powered vehicles. Household demand is being stimulated because there is no competitive source of power and the national grid is continually being extended to new areas. Electricity's share of the total energy budget will grow from 22 to 40 per cent by the end of the century. The capital costs are enormous and, over the next decade, ESCOM will have to find 12,000 million rand for investment purposes.

Such a heavy dependence on electricity cuts down on fuel import bills but increases internal vulnerability. The halting of the Cabora Bassa supply meant that about 8 per cent of ESCOM's generating capacity was not available, hence a backlog of maintenance work built up. As a result of the 1976 Soweto uprising and its aftermath, there was a capital shortage in the energy sector which, given the long investment lead times, means that until the middle of the 1980s there will be a restricted supply capacity. Two huge power stations at Matla and Duvha are currently under construction, each of 3,600 MW, in addition to the Koeberg nuclear plant (1,840 MW) and Drakensberg pumped storage scheme (1,000 MW). The first two are already operating and four other stations of similar capacity are planned at Tutuka, Lethabo, Matimba and Khutala. A single large power station like Matla uses as much water as the city of Johannesburg, in a country where water shortage is a severe constraint. Hence future stations will be dry-cooled: twelve more are soon expected to be on order. This is not the easy solution that it appears, however. They are less

<sup>15</sup> *Rand Daily Mail* (Johannesburg), 24 February 1983.



efficient and, therefore, more expensive and still require considerable amounts of water.

Currently being discussed is a scheme to use Lesotho's water resources to help alleviate the problem. This poverty-stricken country has decided to capitalise on the only national resource that it has in abundance—water. It is undertaking to sell millions of cubic metres of water to South Africa which, by the mid-1990s, will be suffering severe shortages. This project, the Lesotho Highlands Water Scheme, will entirely transform the Kingdom. The southward flow of Lesotho's Malibamatso and Sinqu rivers, which are tributaries of the Orange River, will be diverted north into the Vaal River system. The current scheme envisages five dams, three power stations, one pumping station, 120 kilometres of tunnels and 220 kilometres of road. Some 11,000 hectares will be flooded including 2,000 hectares of cultivated land. This is the production of nature on a scale unequalled in African history and ironically is being proposed for one of the smallest countries.

The project was originally costed at US \$1.3 billion, but the talk among consultant engineers is that there will be little change from US \$2 billion. To make the figures more realistic, this means the project will cost around US \$1,500 per person in a country where per capita GNP is US \$350 a year!

The Lesotho and South African governments completed the basic agreement in 1981 and from that time the political problems began to emerge. Firstly, consultants advised the Lesotho government to isolate the project from the rest of the economy by establishing an independent company along the lines of the Tennessee Valley Authority. Without such a device, one dry year could shatter the fragile economy. Secondly, the EEC (European Economic Community) donor support for the feasibility study, some US \$5 million, has been forthcoming, but tied to that aid is a condition that no joint financing will be undertaken with South Africa. Consequently, the Lesotho government has to juggle the management of the EEC funds with the parallel South African funding which only comes so long as the South Africans have full participation in every phase of its development. Thirdly, the financing for the project itself is a severe headache. No bilateral agency could finance such a massive scheme, but the SADCC platform might provide a basis for a consortium led by the World Bank. To this end, the Lesotho delegation to the SADCC ministerial meeting in 1983 sought other states' support for the Highlands Water Scheme.

The request fell upon sympathetic ears. But sympathy was insufficient. Delegates were wary of supporting such a huge investment project that could adversely affect the flow of funds to other regional projects. Additionally, it seemed strange, given the level of South Africa's destabilisation efforts, including the Maseru massacre in December 1982 of South African refugees and Lesotho citizens, that a member-country would wish to increase its dependency on South Africa. Water provision will bolster South Africa's agricultural and industrial development and even allow for small-scale

electricity production. Despite appeals from the Lesotho delegation that the project was a central pivot of economic development, other SADCC member states managed to neither condemn nor condone the project. Perhaps they could envisage the inevitable news headline 'SADCC to fund South Africa'.

Lesotho is trapped on the horns of a dilemma. Despite the 'state of war' declared with South Africa following the Maseru raid, the country's Foreign Affairs Minister still met with his South African counterpart at the end of April to discuss the scheme. The worst drought of the century currently being experienced in South Africa can only speed up future negotiations. The prospects of continuing poverty or doing a deal with the devil is an unenviable position for any country to be in.

If water remains one of South Africa's serious energy problems, there is no doubt that a greater threat is the vulnerability of power stations and transmission lines to guerrilla attack and this appears to be the major weakness in South Africa's energy programme.

For South Africa, energy represents not only a vulnerability but also a strength. Its huge coal and uranium deposits are being used to try to increase Western support for the *apartheid* regime. Denmark, for example, has built into its development plans a dependence on South African coal. However, a fall in the worldwide demand for nuclear fuels has affected this policy to elicit Western dependence. A further lever used by Pretoria is its claim that South Africa provides a defence for the Cape sea lanes which most of the West's oil tankers use. Until 1967, however, tankers did not use the Cape route. Furthermore, any interference in oil supplies would immediately push the world to the brink of war. It is, therefore, difficult for the South Africans to validate their claim.

As we have demonstrated with the foregoing evidence, energy installations have become key targets for military and economic actions in the escalating regional confrontation. This is likely to continue in the future and adds enormously to the burden of energy and development planning for all the parties involved. We have given some indication of the overall energy situation within South Africa itself, but now we will turn our attention to the nine countries of the SADCC. A recent energy study carried out for the nine governments provides a clearer picture of both the current energy balance and the likely development to the year 2000.<sup>18</sup> It is to these issues that we can now turn, but space does not permit us to provide here all of the detailed statistical back-up data and the interested reader is referred to the larger study.

**SADCC Commercial and Non-Commercial Energy Consumption and Supply**  
Energy supply and consumption are high priority issues for SADCC and much progress has recently been made in this sphere of regional co-operation.

<sup>18</sup> P O'Keefe and B Munslow (eds), *SADCC: Energy and Development to the Year 2000*, forthcoming. The data in the following section are taken from this study.



National and regional responses to changing conditions in global energy markets have important implications for the restructuring of Southern Africa. Adjustments to current energy prices include both policies of accelerated exploitation and the development of other conventional fuels, with significant implications for self-sufficiency and the development of the regional economy.

If we examine the aggregate picture, we find that the SADCC countries had a total population in 1980 of 57.5 million and an average GNP of some US \$380 per capita. Of course, discussion of any statistics on a SADCC-wide basis masks striking variations between member-countries. For example, the population spread ranges from 0.56 million for Swaziland to 17.93 million for Tanzania. Similarly, GNP per capita varies from US \$230 to US \$910 per capita for Malawi and Botswana respectively. It is useful, however, to consider the regional aggregate for a number of reasons. SADCC energy policy, coordinated by the People's Republic of Angola, is focused at the regional level. Large capital and recurrent costs associated with energy supply and consumption indicate the opportunity for economies of scale on a regional basis. The varied resource endowment and the varying end-use demand, suggest that better energy-consumption matches will be obtainable on a regional scale. Finally, only by accumulating energy demand at a regional level, encouraging the expansion of a SADCC energy market, will it be possible to break the stranglehold of South Africa.

#### Current Consumption and Demand Forecast

The total final consumption (1980), excluding energy conversion and transmission losses, was 1,456 petajoules or 25GJ per capita (1 Giga-Joule =  $10^9$ J = 0.22 tons oil equivalent). Of this total, 306 petajoules (21 per cent) is consumed as 'commercial fuels', primarily electricity, coal and petroleum used in the modern sector. Fully 79 per cent of final consumption is derived from traditional fuels. These traditional fuels are largely based on biomass in the form of fuelwood, charcoal, crop and animal wastes. It is not surprising that per capita consumption of commercial fuel is relatively small; it parallels data of SADCC economic performance. What is striking is the predominance of traditional fuels, even in the comparatively developed context of Zimbabwe.

More than half of SADCC energy consumption is in the rural households, primarily in the form of fuelwood. One quarter of energy demand services the industrial sector—largely commercial fuel. The remaining requirements are urban households (4 per cent), agriculture (6 per cent), commercial/institutional (4 per cent) and transport (6 per cent). Although transport is relatively small, in terms of energy accounting, it almost entirely depends on petroleum products. With the exception of railway electrification, it is unlikely that significant fuel substitution will occur in the transport sector. Consequently, continuing balance of payment problems are to be expected. In the case of

Tanzania, oil imports account for 30 per cent of export earnings, and for Mozambique, 40 per cent of export earnings.

Commercial fuel as a percentage of total consumption averages 21 per cent for SADCC. This average again masks significant variations. Malawi, Mozambique and Tanzania have between 6-10 per cent, while Botswana, Swaziland, Zambia and Zimbabwe have over 40 per cent. Annual per capita electricity consumption varies with four countries by an order of magnitude; in the 500-1,000 KWH range (Botswana, Swaziland, Zambia and Zimbabwe) and the others less than 100 KWH. Similarly, wide variation in the pattern of coal and oil demand is experienced. Over the region as a whole, Zimbabwe accounts for almost 40 per cent of commercial fuel consumption and Mozambique and Tanzania together account for more than 55 per cent of the total demand for traditional fuel. Rapid urbanisation suggests that growth in commercial fuel requirements will exceed growth in traditional fuel requirements. Where charcoal is utilised in urban areas, that is in countries mainly north of the Zambezi, wood consumption will increase, since, on a volume basis, there is an 8:1 conversion ratio for wood to charcoal.

The SADCC-wide growth rate for total demand, commercial fuel demand and traditional demand are estimated to be 3 per cent, 4 per cent, and 2.6 per cent per year respectively, reflecting underlying assumptions on economic and population growth, urbanisation and development. The play of these factors in each individual country along with variations in the sectoral and fuel mix structure of demand, will differently effect the growth rates for SADCC member states.

Within the commercial fuel category, electricity consumption will grow the fastest at 4.7 per cent per year, due in part to assumed increases in electrification hookups for households. Coal usage will increase more rapidly than petroleum (4 per cent per year against 3.7 per cent per year), due to projected coal switching in boilers for coal rich countries. Absolute levels of biomass demand for traditional fuels will show a significant increase.

### **The Implications of the Demand Forecast**

Base year consumption accounts and end-use demand forecasting provides interesting insights into the material basis of SADCC development opportunities. Firstly, for the majority of the rural and urban population, biomass will provide most of their fuel requirements. Significantly, the most important end-use is household cooking which accounts for up to 80 per cent of household energy use. The procurement and management of these biomass energy resources are predominantly female activities. Already there is stress on female labour budgets given the wide ranging tasks required of them, e.g. household and farming work, marketing, water collection, child care, etc. As demand for biomass increases, the resource will become more scarce, requiring women and children to seek further afield, thus increasing labour budgets. By the year

2000, biomass will still be the predominant energy source in the SADCC region. Such continued demand will, of course, contribute to increasing environmental degradation, especially where 'whole tree' removal takes place for charcoal production. Charcoal production combined with the opening of lands for agriculture, are necessary to sustain peasant production, but, without careful planning, increased environmental degradation will cause a decrease in food production. In order to combat this tendency and to ensure adequate energy supplies, it will be necessary to begin reforestation efforts, develop conservation strategies focused on stoves and pyrolytic conversion processes and increase substitute technologies (e.g. food processing), to ameliorate energy demand. Biomass, however, will still remain the people's fuel.

Secondly the commercial energy demand will expand. Electricity will grow most rapidly, but the primary utilisation will be in industry and commercial activities. Even if extensive rural electrification were to occur, it would make little impact on overall demand, as most people could only afford electricity for lighting, a lower power off-take. Oil will continue to dominate in transport, lighting (in the form of kerosene) for remote areas and peak load or isolated generation requirements. Coal will rapidly develop and parallel hydro resources for base generation and industrial processes.

Quite simply, the future mix of energy requirement across the SADCC region will not be significantly altered by 2000. What is important, however, is to realise that end-use consumption analysis and demand projections give a range of programmatic alternatives that differ markedly from conventional supply projections. After considering energy supply options, demand and supply projections will be taken together to outline the marked differences.

### **Energy Supply**

In this section, energy resources will be considered on a regional basis, since the main thrust of SADCC energy initiatives is to advance regional self-reliance and self-sufficiency. The commercial energy resources (oil, coal and electricity) are analysed in detail. Before, however, beginning the analysis, it is worth stressing that currently, planned energy development is likely to be more than adequate if co-ordinated exchange between supply and demand centres is achieved; and if spatial, financial, legal and institutional barriers are overcome, development can proceed more rapidly.

The SADCC region already has an extensive trade in energy resources, however intraregional flows are minimal. Oil flows out from the west coast to the United States and into the east coast from the Middle East. Electricity imports, except for Zambia-Zimbabwe arrangements on the Kariba complex, are through South Africa and coal trade is dominated by extra regional exports. Current energy transport infrastructure is weak and, given the existing conflict situation, increasingly vulnerable to disruption.

Angola is the only SADCC member country that currently produces crude

oil. There are preliminary indications of possible oil deposits in other SADCC countries but, at the present moment, only commercial quantities of natural gas have been discovered. Angola's crude production (currently 6.8 million tonnes per year) is three times the crude imports of the rest of SADCC. Even after accounting for Angola's own use, available Angolan crude oil is 2.5 times regional imports. The total foreign exchange cost for the importing SADCC countries was some US \$500 million in 1980.

SADCC's refinery output (3.26 million tonnes per year) was 86 per cent of requirements. However, one third of this output was exported so that an additional 42 per cent was imported with attendant foreign exchange burdens. Botswana, Lesotho, Swaziland and Malawi have no refinery, and Zimbabwe, no *working* refinery—consequently all import refined products. South Africa has an increasingly firm grip on this trade. Mozambique, Zambia and Tanzania have refinery capacity, but must import all crude inputs. Moreover, Mozambique and Zimbabwe have a substantial mismatch between refinery configuration and output and national end-use demand mix. Current refinery output is complemented by the import of lighter oil products. Refineries in Mozambique, Tanzania, Zambia and Angola operated at 86, 95, 75 and 83 per cent of their respective capacities in 1980.

By 1990, the relative positions of SADCC member countries will not change substantially. Angola will remain the only oil producer, with double the output of SADCC requirements. Mozambique, Tanzania and Zambia will maintain their present capacity, and Zimbabwe's refinery, mothballed during the liberation war, could be modernised to give additional capacity. No refinery building is anticipated in the countries which do not currently have existing capacity. Angola, however, is likely to increase its capacity by some 160 per cent over the coming decade. Import of crude, as a percentage of SADCC crude requirements, is projected to decrease from 64 to 48 per cent by 1990. Outside of Angola, crude imports will increase by 20 per cent. The progress for natural gas consumption is uncertain. Coal resources in the SADCC region are substantial, although unevenly distributed and exploited. Resources are estimated at 11 billion tonnes compared to an annual consumption of some 4.3 million tonnes. The region's physical resource base is sufficient to meet vastly greater coal consumption and production levels. World average per capita coal production (about 600 KgCe), compared with SADCC figures (80 KgCe), indicates the early stage of regional coal development.

Wide variation in electricity consumption, by member country, was noted earlier. Similar variations exist within the generation systems. A total of 28,644 GWH was generated as compared to 17,130 GWH of consumption. The different is accounted for by transmission and distribution losses. Total generation was about 94 per cent hydro and 6 per cent from other sources (mainly coal), while total capacity was 81 per cent hydro and 19 per cent from other sources.





SADCC as a region, generates more electricity than it consumes by some 67 per cent. Additionally, total capacity of the regional system (6,265 MW) is 100 per cent greater than the sum of regional peak demand. Hydropower with low production costs dominates both generation and installed capacity. Despite the overall surplus power within SADCC, member countries engage in import and export amongst themselves and outside the region. Lesotho and Swaziland are at present heavily dependent upon South Africa for electricity. Lesotho, with no installed capacity within its national boundaries, imports all electricity (101 GWH) from South Africa, while Swaziland imports some 40 per cent (200 GWH) of its requirements. Both Mozambique and Zimbabwe, which have sufficient internal capacity, also import electricity. The bulk of energy generated in excess of capacity, some 10,800 GWH, is exported largely to South Africa.

By 1990, electricity demand is projected to grow by some 60 per cent while generation is projected to grow at 32 per cent. Installed capacity, by 1990, will be 11,739 MW, an increase of 87 per cent, whereas SADCC peak demand, although increasing by some 60 per cent to 4,929 MW, will not increase as rapidly. Overall, capacity will increase more rapidly than demand, suggesting that unless SADCC develops adequate transmission and distribution networks there will be substantial underutilisation of planned capacity.

#### **The Implications of Energy Supply for the Demand Forecasts**

The surplus of commercial fuels to 1990 on an aggregate basis is considerable. Surpluses of electricity, coal and crude oil are massive including 118 per cent for electricity, 130 per cent for coal, 87 per cent for crude oil. There is adequate refining capacity to 1990. Overall, the region will produce twice the quantity of fuel to meet internal energy requirements. These estimates are based on projected energy production not on potentially exploitable resources. Quite simply, with existing and commissioned infrastructure, there is ample opportunity for regional self-sufficiency.

The prognosis for commercial fuels is not paralleled by that for traditional fuels. Traditional fuel, so important for rural and periurban areas, accounts for 79 per cent of total energy demand and in different member countries, accounts for between 50-95 per cent of total demand. The average consumption per person, varies between 0.5 m<sup>3</sup>-1.5 m<sup>3</sup> per year. Most of this wood comes from trees outside the forest, i.e. not plantations, and the stock is being rapidly depleted. This depletion occurs largely through land clearing for agriculture and the provision of biomass as fuelwood or charcoal to the urban areas.

Unfortunately, there is little information on the rate of biomass depletion outside the forest. Furthermore, it is difficult to devise regional, or even national, strategies for biomass supply enhancement as the problems are localised, ecology is different and the social organisation of the peasantry

varies. However, the rate of depletion is accelerating as stock rather than yield is cut for fuel. The repercussions of wood depletion and shortage are multiple. Physical productivity of the land is undermined through decreased water retention; watersiltation (with decreasing hydro output), causes problems with dams; animal and agricultural residues are removed from the nutrient cycle as they are substituted for dwindling wood supplies; and the burden on female labour increases. Yet, for real self-sufficiency to occur, the rural population needs energy resources for household, agricultural and water development.

At this point, given the projected surpluses identified for the SADCC region, it is worth considering what conventional supply analysis (i.e. the approach of most First World consultancies) would suggest and more importantly, examining why demand analysis should be the preferred route of Third World planning agencies. SADCC with an abundance of natural resources, extensive existing commercial energy production but with most people dependent on traditional fuels, makes an interesting case study.

A recent energy study of the SADCC states carried out by a Belgium consultancy company, provides a clear case of supply-side analysis and some of its potential pitfalls.<sup>17</sup> Generally, such a methodological approach leads inevitably to an overestimate of requirements and the Belgium study, not surprisingly, reached the opposite conclusion to our foregoing analysis. Instead of finding the region with sufficient resources of electricity, oil and coal in the medium term, deficiencies were predicted for the near future. Electricity projections are estimated at 6.7 per cent growth per annum. As real GNP growth is unlikely to exceed 2 per cent per annum over the next decade and the growth in electricity consumption does not tend to exceed the rate of economic growth, this seems extravagant. In fact, there is increasing evidence that conservation technologies will substantially decouple the linear linkage between the two, i.e. electricity consumption will expand at a lower growth rate than economic development. If further plants are to be commissioned on the basis of a threefold overestimate of electricity demand, then a serious oversupply will occur. Given the current capital interest rates (10–18 per cent), the debt service will be unnecessarily high, 30–54 per cent over the *necessary* debt at a time when foreign currency has never been scarcer. Furthermore, the continuing tendency for individual member-states to build power units to satisfy their national power requirements, will further encourage the oversupply of electricity. There is an important exception to this trend, which is Mozambique's stated willingness to put the enormous resources of Cabora Bassa at the service of the region. This is an offer which should not be lightly dismissed.

In relation to oil, in the Belgium report, there is account taken of current refinery capacity and of the mismatch with existing requirements for oil

<sup>17</sup> For proprietary reasons, it is not possible to directly cite this 5-volume work.

products, but there is little consideration of changing the parameters of the dedicated refineries. Such an omission necessarily results in the suggestion of new refinery capacity, and this raises the further question of where this should be sited. It is unlikely that the east coast refineries will be willing to take a back seat, as oil refining and exporting provides a high value added foreign exchange industrial base for their economies. Concerning coal, the report suggests that given difficulties of transportation and a highly competitive world market, consideration should be given to coal-oil conversion. This is phenomenally expensive and given that all serious Research and Development work has been abandoned on this, with the exception of South Africa and the Soviet Union, because of prohibitive costs, the region should not undertake such a speculative venture. Supply-side analysis also produces an underestimate of non-commercial fuels, hence the overall energy budget is thrown out and insufficient attention thereby focused on the serious local deficits we have highlighted.

What the above supply-side report leads to, is the need for further massive investment from the North, which conveniently meets some of their needs at a time of recession, namely, industrial orders and investment opportunities.

The government of the People's Republic of Angola has shown great initiative in pushing ahead with the energy sector of SADCC's work. It has also made a vitally important offer to supply the region with oil at a mutually agreed price.<sup>18</sup> The implication of this offer is that Angola would help the region with its oil problem in return for strong political support in the face of South Africa's continued acts of massive aggression. The taking up of such an offer would surely heighten the security of all concerned.

One critical issue which SADCC has to face has implications for all of the different sectors of its operations and concerns the very definition of dependence. Countries remain strongly committed to national self-sufficiency and this can hamper regional development, but the question of dependence needs raising here, where they seek solutions within their own territorial boundaries which potentially increase rather than decrease their real independence. A clear case in point concerns the newly-independent government of Zimbabwe and its intention to go ahead with the Wankie coal-fired station, when it has the options of Cabora Bassa and Kariba hydropower stations producing electricity at a cheaper unit cost. The Wankie project will generate a greater percentage of electricity nationally, but the project is being undertaken by the giant South African multinational, the Anglo American Corporation. This will increase not decrease the country's dependence on South Africa. The alternative, of a greater reliance on crossborder electricity imports, should not be seen as a security threat. Throughout the UDI period in Zimbabwe, Zambian electricity continued to flow. There is no reason to believe that in the

<sup>18</sup> See the speech by the Angolan minister in P O'Keefe and B Munslow (eds), *SADCC: Energy and Development to the Year 2000*, op cit

future, supplies will be any less secure. In terms of potential vulnerability to attack, the anti-ZANU Popular Front dissidents in Matabeleland, where the plant will be sited, may be just as likely to sabotage transmission lines as the MNR in Tete province of Mozambique. A further advantage to be gained by Zimbabwe, is the possible linkage of energy imports to a partial trade agreement. This could be on a barter basis and improve Zimbabwe's desperately needed export performance.

If we review our argument to date, we have the following important points to consider with reference to energy. South Africa, using both a carrot and stick policy in pursuit of its 'Total Strategy' approach, is directly and indirectly destroying energy installations and infrastructure, while simultaneously encouraging limited access to its own resources. South Africa itself faces a growing energy and water crisis. This has resulted in a move towards more centralised power production, which increases the impact of any major disruption. Despite significant coal resources, the lack of water has placed limits on conventional generation technology. Similarly, knowledge of the impact of a future oil embargo has led to the development of liquid hydrocarbons from coal—an expensive process.

The FLS have formed a regional grouping, SADCC, within which energy will become the important linchpin, in the same manner as the European Steel and Coal Agreement has become within the European Communities. Although there are pressures to break dependence on South Africa, these are equalled by pressures from the First World to expand national capacity for conventional energy consumption. These pressures should be resisted, as regional integration is developed. This integration, however, should also acknowledge that, for the foreseeable future, most people will continue to depend on fuelwood for the majority of their activities and basic energy needs. Above all, energy and the control of energy for war, production and household consumption, will remain central to the future development of Southern Africa.

By way of conclusion, we reiterate that the region is facing a serious and escalating military confrontation. The May 1983 bombing raid on Mozambique, which hit civilian targets in the industrial suburb of the capital city, only serves to emphasise the growing threat. SADCC must in the future take such considerations into account in its regional planning which needs to be defensive. South Africa is already undertaking such measures. The potential energy crisis has other dimensions as well, notably the need for the countries of the SADCC to have the vision to overcome narrow nationwide perspectives of energy independence and seize the benefits which regional energy integration permits, not the least of these being the greater security against attack which an integrated electricity grid would permit, for example. Concrete regionally oriented projects can usefully be worked on at a bilateral or sub-regional level and the results of gradual and piecemeal progress be felt by all. SADCC offers serious possibilities of dragging the countries of the region out of their poverty

and as such is worthy of receiving worldwide support. The oil exporting countries in particular can make a major contribution, both to the region's fight against poverty but also against *apartheid*, at one and the same time. *Apartheid* is a crime against humanity and a threat to world peace. SADCC represents an important fight back against an increasingly bellicose racist state. As President Samora Machel of Mozambique put it, in his speech to the governments of the Non-Aligned countries in New Delhi (1983), 'The racial discrimination in South Africa is just cause for all humanity to wage total war against it. Racial discrimination is a scourge of mankind'.<sup>19</sup>



<sup>19</sup> 'Apartheid: the Nazism of our time', Supplement to Agência De Informação De Moçambique Information Bulletin (81) 1983.

# **Arab Economic Strategy in a Changing World Oil Market**

## **Introduction**

During the early 1980s, the international oil market has changed from a sellers' to a buyers' market, that is, from one where the producers-exporters largely determined the price for that volume of exports which the market was willing (and eager) to buy, to one in which the importers-consumers have been able to press the price downwards and are willing only to buy a much smaller volume for the reduced price, than they had been buying by the end of the 1970s. But this identification of the current situation as one of crisis is only good enough as a first approximation. To be useful for the purposes of our analysis, it should be sharpened by several qualifications:<sup>1</sup>

1) Obviously, what is a crisis for the oil producers (a drop in demand, a drop in export price, a drop in production, and therefore a drop in export revenue) is a welcome development for importers (a smaller import bill, a smaller outward transfer of financial resources, a smaller degree of dependence on the foreign suppliers of a vital and strategic source of energy).

2) The impact of the crisis has hit all the members of OPEC (Organisation of Petroleum Exporting Countries) and OAPEC (Organisation of Arab Petroleum Exporting Countries) but the Arab members of OPEC have suffered a much greater shrinkage in their production and revenues, absolutely and relatively, than the non-Arab members.

3) Non-OPEC exporters (United Kingdom, Norway, Mexico, Canada, and the Soviet Union) have expanded their production over the three years 1980-2.

4) Although demand for, and production and consumption of, energy from all sources combined have dropped since the end of the 1970s, the drop has been very small (about 1.6 per cent), while the demand for, and the production and consumption of, oil have dropped by about 12 per cent during the same period. In fact, the efforts to conserve energy and the effects of economic stagnation in the Western industrial countries (OECD), have been wholly reflected in the demand for and the supply of oil, with the demand for and supply of every other source of commercial energy actually rising between the end of 1979 and the end of 1981 and, in some instances, the end of 1982.

5) World reserves of coal are five times those of oil, the source of energy with

<sup>1</sup> A number of items of quantitative data that are of relevance to the discussion have been grouped together in the Statistical Appendix.

the second largest reserves. Nevertheless, oil remains the largest single source in international trade, and the largest supplier of energy for consumption, despite the decline in its position.

6) It is particularly urgent for the Arab oil producers, who have suffered most in the current oil crisis, to probe deeper into the nature, the causes, the impact, and the implications of the crisis in order to assess its magnitude correctly, to draw the useful lessons it has for them, and to chart the future course of their economies accordingly.

7) Finally, even if the angle of vision is broadened to include the world at large and the field of energy in its entirety, it can be seen that the drop in the price of oil and the development of a buyers' market, will have adverse effects for everybody, to the extent that a lower price for oil will disguise the urgency of, and weaken the incentives for the search for and the development of, new sources of energy, and will expose the world to another era of tightness in oil supplies and soaring prices, possibly within the course of a recurring cycle of strong demand pushing prices sharply upwards, followed by soft demand pushing them downwards. The emergence of such a cyclical pattern will be harmful to orderly economic growth and to the predictability of expectations of supply, demand, and prices. Obviously, this would be damaging to the interests of exporters and importers alike.

### Causes of the Crisis

Several interrelated causes lie behind the crisis, and while some are of a transient nature and have been occasioned by the tangible upward adjustment of the price of oil in 1973-4 and in 1979-80, and by anxiety surrounding the security of oil supplies, most are of a longer-term nature that would have come into operation without the adjustment, even if at a later stage, because oil is a finite and non-renewable resource. Although this paper is meant to take the crisis as given and to focus more on its implications for the future of the Arab economies, it is necessary for a more probing and meaningful exploration of the implications to be based on a better understanding of the operative causes. This can be seen to be true even though the oil resource is not the only major determinant of Arab economic development. Reflection on the array of resources and forces involved in development, and on the experience of the Arab economies over the past decade, indicates that oil has become the most vital economic resource (and force) in the process of development. There is enough evidence to support this generalisation, not only with regard to the oil-exporting Arab countries but also, though to a lesser degree, with regard to the non-oil Arab countries.

To say that the correction of oil prices during the 1970s, though less substantial in real than in nominal terms, set the process of crisis generation in motion, is not to criticise the correction of prices and to endorse the condemnation which the OECD countries heap on OPEC as a result. Indeed, a

very compelling case can be, and has been, made for price correction.<sup>3</sup> But, and this is a substantial 'but', price correction as experienced expedited the emergence of the developments that together constitute the crisis, and contributed to their magnitude and escalation, essentially because of an institutional-political factor.

Price correction was undertaken by OPEC governments through unilateral action in mid-October 1973, by taking control over their oil resources and assuming the power to formulate and implement price and production policies, without any further submission to the veto power of the giant concessionary oil companies, and, by projection, of the Western governments of whose economic-political power structure these companies were an integral part. The undoing of this structure by Third World countries that had for generations occupied a humble position in the hierarchy of the international order and power system was intolerable to the Western industrial countries. Consequently, these countries reasoned that action had to be taken without delay to deter OPEC members from further 'insubordination' and to counteract and undo as much of their new power as possible. In fact, the Western reaction went further and included a wide array of components, including angry condemnation and denigration in the media, overtones of racist attacks directed mainly against the Arab oil exporters, to threats of military action by responsible politicians.<sup>3</sup> The economic and technological reactions of the West were meant

<sup>3</sup> The literature on pricing is considerable, though probably more has been written by the critics of OPEC's pricing policies than by the defendants. For a discussion of pricing and for references of relevance to the 1970s, see: Fadhit J Al-Chalabi, *OPEC and the International Oil Industry: a changing structure*, Oxford: Oxford University Press, 1980; Ian Seymour, *OPEC: instrument of change*, London: Macmillan, 1980; J E Hartshorn, *Objectives of the Petroleum Exporting Countries*, Nicosia: Middle East Petroleum and Economic Publications, 1978. Prepared in co-operation with *Middle East Economic Survey* (a weekly review of oil, finance and banking, and political developments) and Energy Economics Research Limited, Nicosia; *Petroleum Economist*, *OPEC Oil Report* (2nd edn) London, 1979; Mahmoud Abdel-Fadil (ed), *Papers on the Economics of Oil: a producer's view*, Oxford: Oxford University Press, 1979, Nos 4, 6, and 7; Various issues of *OPEC Review*, published by OPEC, Vienna, and *Oil and Arab Cooperation*, a monthly in Arabic, published by OAPEC in Kuwait, for articles on the subject of prices and pricing; Yusif A Sayigh, *Arab Oil Policies in the 1970s: opportunity and responsibility* London: Croom Helm, and Baltimore, Maryland: Johns Hopkins University Press, 1983, chapter 3.

<sup>4</sup> Marwan R Buheiry, *US Threats of Intervention Against Arab Oil: 1973-1979*, Beirut: Institute for Palestine Studies, Paper No. 4, 1980. This booklet is well documented. For references to Western attitudes, see J E Hartshorn, *Oil Companies and Governments: an account of the international oil industry in its political environment*, London: Faber and Faber, 1967, esp. pp 66-8; see also James E Akins, 'OPEC Actions: consumer reactions 1970-2000' in *OPEC, OPEC and Future Energy Markets*, London: Macmillan, 1980, pp 215-38.

In this connection, Sayigh (*op. cit.*, note 17, p 262) says: 'The hostility to OPEC has expressed itself over the years in a large number of articles, news reports, commentaries, and cartoons in the Western press. As recently as the last few months of 1981 and the first quarter of 1982, several articles were published revealing undisguised gloating over the troubles that OPEC was having owing to the glut in the market and the resultant depressed prices. Some spoke of the 'death' of OPEC: William Brown of the Hudson Institute, a long-standing critic of OPEC, said 'OPEC is 100 per cent dead' (*International Herald Tribune*, 18 March 1982). Robert I Samuelson (*IHT*, on the same day) said, 'Oil prices are falling and OPEC is scrambling to prevent a total collapse. If it



to deflate the new power of the Arab oil exporters and therefore to reduce the dependence of the OECD countries on Arab (and non-Arab) OPEC oil, by reducing the demand for it and forcing its price downwards. In the process, it was expected that OPEC itself would be considerably weakened, if not completely dismantled.

Two short-term reactions can be cited here. The first was the slowing down of economic growth in the advanced market economies, which by the end of 1982 had resulted in near-zero growth. Although oil prices cannot be wholly blamed for this development, with signs of economic strain and of unemployment preceding oil price correction, a part of the blame must be borne by them. The second reaction came as a dual response to the price rise in 1979, to the revolution in Iran in 1979, and later, in September 1980, to the Iraq-Iran war. Together, these events led to panic in the market and to heavy stocking. The stocks accumulated in 1979-80, estimated to have peaked at a certain time at 5 billion barrels, were later to press downwards on the price structure, through unduly high destocking in 1981-3.

However, the current crisis is more appropriately explainable in longer-term reactions, namely in the conservation measures adopted generally, but more particularly (and effectively) in the Western industrial countries. Consumption shrank as a result of deliberate energy-saving policies, but also in response to the effort to devise and apply energy-saving technologies in industry, transport, and household uses. At the same time, another three developments added downward pressure on OPEC oil: energy substitution, with greater recourse to coal, nuclear energy and gas at the expense of OPEC oil; a shift away from OPEC oil to non-OPEC oil, particularly from the North Sea and Mexico; and, the weakening of the 'historical link' between energy consumption and economic growth.

Over and above these various developments along the profile of known and established sources of energy, the search for and development of new sources was accelerated during the period of high oil prices and a sellers' market. In addition, the search for new oilfields in the OECD countries was considerably intensified. It is both ironical and contrary to far-sighted economic logic that the efforts to find substitutes for oil in general, and for OPEC oil in particular,

cannot, obituary writers from New York to Tokyo will gleefully proclaim the cartel's demise.' Articles containing equally undisguised hostility can be found in *US News and World Report* on 15 March 1982 and *Newsweek*, 15 March 1982. See earlier articles both in *Newsweek* and *Time*, of 31 August 1981. At the official level, a senior White House official was reported by Reuter on 23 March 1982 as saying that after a long wait, they (the US) had begun to weaken the control of OPEC (*An-Nahar* of Beirut, 24 March 1982). In short, neither the Western objective of weakening OPEC and bringing about its disintegration, nor the gloating over the near-achievement of this objective, is a secret. And, in addition, the climate of hostility and hatred, with concentration on the Arab oil exporters, can be specially felt and seen in the style and vocabulary used and in the obviously racist and defamatory cartoons accompanying much of the writing about Arab exporters'.

have slackened with the shift to a buyers' market, even before notable success rewarded the efforts. And this is where the danger of the recurrence of the events of the past decade in a disequilibrating cycle really lies. (Would it be a ten-year cycle from peak to peak?)

Understandably, much of the thinking and policy-formulation meant to redress the 'adverse' impact of price rises was undertaken by individual industrial countries in their capacity as sovereign states concerned with what they considered their national interests. However, a novel development characterised the years immediately following the price adjustment of 1973-4. This was the formation in November 1974 of the International Energy Agency by the OECD countries (except for Finland, France, and Iceland). The IEA's basic aims are:

- a) cooperation among IEA participating countries to reduce excessive dependence on oil through energy conservation, development of alternative energy sources and energy research and development;
- b) an information system on the international oil market as well as consultation with oil companies;
- c) cooperation with oil-producing and other oil-consuming countries with a view to developing a stable international energy trade as well as the rational management and use of world energy resources in the interest of all countries; and
- d) a plan to prepare participating countries against the risk of a major disruption of oil supplies and to share available oil in the event of an emergency.<sup>4</sup>

The formation of the IEA came not only as an economic response to the price adjustments of 1973-4, but also as an institutional-political response to OPEC's new-found power upon its assumption of the 'policy of control' in mid-October 1973. The IEA was also meant as an instrument for the design and promotion of measures to contain the power of OPEC and OPEC oil alike. This is the true sense of the basic aims of IEA which no euphemism can conceal.

### **Impact of the Crisis on the Arab Economies**

The current oil crisis acquires its dimensions from objective, measurable causes, but also from the perception of those on whom the incidence of the crisis falls. And the incidence on the Arab oil-exporting countries, in my view, is a function both of attitudes, policies, and measures outside the control of these countries, and of a combination of 'sins of omission and of commission' generated within the Arab region. Here we refer not to the pricing of oil but to the complex of Arab attitudes, policies, and behaviour relating to a number of basic issues. We will present these further on, in order to show why there is justifiable anxiety about the effects of the oil crisis on the Arab economies, and

<sup>4</sup> Quoted from the inside cover of International Energy Agency, OECD-IEA Parliamentary Symposium, *Energy and the Economy*, 10-11 April 1981, Paris: OECD-IEA, 1981.

what the future could bring to these economies if the Arabs fail to correct the effects of the crisis and prevent it from recurring.

Before we indicate where Arab policymakers erred in the decade 1973-83, we ought in fairness to put on record a major extenuating factor, which is that the assumption of the power of policy formulation and implementation is only a decade old—which is a very short period for adequate 'apprenticeship' in policymaking and decisionmaking. Under the circumstances, the Arab sins of omission and of commission are not only understandable, but also largely forgivable. But to understand and to forgive is not to erase the slate of history. With this point made, the internally-based issues will now be presented:

1) Perhaps at the root of the problem is the excessive enchantment with the scale and magnitude of oil revenues earned after 1973, and particularly with the rate of increase in these revenues, along with the complacency that the revenues came to create in the Arab oil countries and, indeed, in the region as a whole.<sup>5</sup> The complacency had serious far-reaching implications, including an exaggerated faith in the power of money at the expense of other more fundamental and powerful determinants of development.

2) Admittedly, the rise in revenues derived more from the rise in export price per barrel than from the expansion in production. Nonetheless, average production by the seven Arab members of OPEC in the 1970s was 2.2 times as high as that in the 1960s.<sup>6</sup> The powerful combination of higher prices and larger exports led to the vast increase in export revenues. These in turn made possible a vast expansion in the import of consumption and capital goods and services, which were acquired to meet the pent-up demand of consumers for necessities as well as for a wide range of luxuries, and to meet the demand of investors in the public and private sectors alike, who launched very ambitious 'development' programmes.<sup>7</sup> Domestic production could only satisfy a rather small proportion of the vastly expanded demand. It was this new purchasing power which in large part consequently created far greater linkages and integration

<sup>5</sup> The oil revenues of the Arab members of OPEC amounted to \$4,534 million in 1970, but to \$134,916 million in 1979. They averaged \$49,018.8 million for the decade of the 1970s. (See Sayigh, *op. cit.*, Table 4.2 p 181.)

<sup>6</sup> Production rose from 4.3 million barrels/day in 1960 to 12.5 million b/d in 1969, with an average of 7.9 million b/d for the decade. During the 1970s, it rose from 13.8 million b/d in 1970 to 21.1 million b/d in 1979, with an average of 17.3 million b/d for the decade (Sayigh, *op. cit.*, Table 4.2 p 181.)

<sup>7</sup> Investment allocations according to development plans in the second half of the 1970s for the Arab countries excepting Bahrain, Qatar, and Jibouti totalled \$326,119 million. See Arab Fund for Economic and Social Development, *Study on the Development of Human and Manpower Resources in the Arab Region* (Kuwait, 1978) mimeograph, pp 17, 43, 44 (in Arabic). However, vast increases in budget allocations were introduced in the late 1970s into the plans for the first half of the 1980s. Thus, Saudi Arabia, whose plan for 1975-80 had been the largest among Arab plans, officially reported that it would raise investment allocations by \$119.7 billion for 1980-5. Other countries raised their allocations by an estimated \$35 billion. For Saudi Arabia, see *Middle East Economic Survey* 23(21), 10 March 1980. For the other countries, the estimate is reported in Sayigh, *op. cit.*, p 193.

with the production machinery and markets of the advanced industrial countries than with the Arab countries. This the oil sector achieved through the recycling of oil revenues, in addition to the aspect of integration connected with the export of oil.

3) While much of the importation can be explained and justified, much defies justification. Thus, the 'consumerism' that blossomed in the 1970s is not only morally reprehensible, but also economically short-sighted and damaging, in that it has already cultivated patterns of behaviour that are difficult and painful to uproot, and it has diverted resources that to an appreciable extent could have been saved and invested. On the other hand, not all the investments made fell into a rational system of priorities or led to sound overall economic and social development,<sup>8</sup> although they brought about concrete improvements in the economic and social infrastructure and a rise in the rate of economic growth.

4) Irrespective of the degree of real need or urgency for imports, whether consumers' or producers' goods and services, a significant proportion of these imports could be produced within the Arab region, if development had been so directed as to lead primarily to the building of national and regional productive capability and capacity. This is truest of goods and services calling for simpler technologies, and most particularly of agricultural commodities.

5) The financial resources which were used for local consumption and investment, for imports, and for aid to Third World countries and support to international organisations, together fell short of the oil revenues earned. Most of the surpluses have gone to Western money markets for placement. While a part of these surpluses went into direct investment, the larger part was subject to the eroding effect of inflation and has lost heavily in purchasing power as a result.

6) What looked like the acquisition by the Arab countries of greater power and political leverage in the international system and the economic order, proves today to be largely illusory. The greater degree of interdependence vaunted, between the Arab and the Western industrial countries, is in effect a greater degree of dependence by the Arab on the Western countries than ever before. One statistical indicator of this dependency can be found in the ratio of the external sector (imports plus exports) to Gross National Product. This sector amounted to 60 per cent of GNP for the whole Arab region in 1970, but rose to 94 per cent for 1979.<sup>9</sup> Another way of looking at the enormity (and danger) of

<sup>8</sup> See, for instance, Galal A. Amin, *The Modernisation of Poverty*, Leiden: E J Brill, 1974; Yusif A. Sayigh, 'A Critical Assessment of Arab Economic Development, 1945-77', in United Nations Commission for Western Asia, *Population Bulletin of the United Nations Commission for Western Asia*, No. 17, December 1979, pp 32-45; Georges Corm, *The Missed Development: studies in the Arab civilizational and developmental crisis*, Beirut: Dar Al-Tali'at, 1981 (in Arabic); and Yusif A. Sayigh, *The Arab Economy: past performance and future prospects*, Oxford: Oxford University Press, 1982, chapters 10 and 11.

<sup>9</sup> For 1970, see Arab Fund for Economic and Social Development, *Study of the Developmental Achievements of the Arab Homeland in the Seventies, and the Outlook for the Eighties* (Kuwait,

this dependency is to consider the fast-increasing insecurity of the Arab economies, represented by the huge imports of consumer goods (including food imports, every Arab country today being a net importer of wheat), the hardware and software of technology, and armaments. Furthermore, the large financial reserves outside the Arab region, currently estimated at about \$350 billion, can turn into a much more powerful pressure mechanism in the hands of OECD countries than in Arab hands. The political and security implications of this aspect of dependency can hardly be overestimated.

The presentation of these developments is not meant to indicate or even to suggest that the 'oil era' has not also produced a number of concrete, positive results that are directly attributable to the takeover of control of the oil sector and the significant appreciation in value of the oil resources, and, therefore, the accrual of substantial oil revenues. Yet the performance of the Arab economies (whether or not oil-producing) though improved in several respects, is not the object of this article. It is instead concerned with the inner causes and structure of the current oil crisis, and how this crisis impinges on the future health and progress of the Arab economies.

The crisis would not loom as large as it does today had the attitudes, the policies, and the behaviour of the oil countries, in the areas associated with the oil resource, been sufficiently different to avoid the shortcomings and the imbalances and distortions just listed that have beset the Arab economies. This may sound tautological, but it is in fact the statement of a causal relationship. In brief, this relationship attributes the distorted economic performance in the different aspects indicated to certain attitudes and policies which were, in turn, a function of the acceleration of oil production in the 1970s, the vast expansion of the oil revenues accruing, and the way in which these revenues were utilised. That the crisis clearly has other extraneous causes and manifestations does not invalidate the allocation of a certain part of responsibility to internal causes. We would like to go further and say that the crisis would have been considerably more tolerable and manageable and much less damaging had the Arab oil policies been sounder and more far-sighted.

The new oil era opened up great opportunities for the Arab countries but also laid upon them great responsibilities. A number of these were assumed creditably, particularly within the international context, in the sense that the oil exporters took the needs of the international community for oil and for foreign aid amply into account in their policies. But a number of opportunities have been either missed or sub-optimally utilised. Three failings stand out in particular. The first is the complacency with which the production and export of oil was expanded which generated revenues of a size which permitted

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1980) p 24 and Table 2 in *Appendix 3*. The percentage for 1979 has been calculated along the same lines by the present writer.

consumerism and wastefulness to the point where most oil countries today suffer financial stringency.

The second failing was the faulty design of development plans and programmes, which frequently deviated seriously from a sound and defensible system of priorities. The implementation of the plans suffered because of over-ambitious budgets and the inadequacy of manpower skills and of available institutions. As a result, the plans and programmes proved to be excessively costly and wasteful. The third failing was the failure to lay enough stress on three crucial determinants of development: (i) the vigorous training of manpower in the skills on which modernising economies depend; (ii) the provision of opportunities to the Arab people to participate effectively in the process of decisionmaking, if true commitment to the objectives and efforts of development were to be obtained; and, (iii) the promotion of effective and far-reaching Arab economic complementarity. Complementarity would have made it possible to identify and utilise the much wider regional opportunities available for investment, markets, and a better allocation of manpower and financial resources. The new oil era opened up all of these opportunities, and their utilisation would have helped to avoid a large part of the distortion witnessed in the past decade.

#### **Outlook for the Future: two mainstream scenarios**

The serious distortions and imbalances generated by or associated with the oil era have blocked the course of Arab economic and social development. Consequently, they will have a lasting impact on the future of development and well-being in the region. It is therefore essential to read the lessons of the immediate past correctly and to look ahead into the future to consider what expectations are warranted, and to explore how the course of future events can be cleared and straightened.

To simplify matters, we can say that two possible mainstream scenarios can portray the years ahead to the end of the 1980s. In the first the Arab oil exporters (and the non-oil Arab countries, whose attitudes, policies, and behaviour are considerably influenced by those of the oil exporters) will *not* draw and benefit from the main lessons which the crisis has clearly imparted.

The central feature of this scenario is a grossly insufficient realisation by the Arab oil exporters that they bear a certain responsibility for the crisis because of the permissiveness with which they expanded production during the 1970s together with increased prices, and of their reaction to the availability of (relatively) vast financial resources. As a result, their economies and societies fell into faulty and dangerous grooves of consumerism and over-spending; incorrect investment priorities; confusion between mere growth and meaningful development; the equation of the importation of the hardware and software of advanced technology with the acquisition of technological capability; and satisfaction with the outward trimmings of power and influence in world

economic affairs at the expense of deeper concern with the consolidation of power on the sound foundations of development, Arab economic complementarity, social cohesiveness, and popular political participation.

The danger is that this pattern of attitudes, policies, and behaviour, which together constitute the backdrop to the 1980s, may have so hardened as to deter the political, social, and economic leadership from developing a new vision. They must realise that radical change is essential and critical. Change should begin with a new conceptualisation of the course of action required, and should inject a new discipline and a new orientation into the design and implementation of economic strategies, policies, and programmes. These should primarily aim at enabling the Arab societies first to live with the new realities, and secondly to change them as the underlying factors and forces are redirected and transformed.

Under this scenario the failure sufficiently to realise and acknowledge responsibility will make the Arab countries seek short-term palliatives. The most dangerous of these is to seize the first opportunity of appreciably increased demand to expand oil production tangibly and/or to raise prices excessively, and thus to fall into the trap of the 'oil cycle', to which we referred earlier as a serious danger that must be avoided as far as possible. Three interrelated aspects of this danger must be stressed: (i) the danger of falling into the trap yet once again because of the mere fact of having fallen into it once before, in spite of the lessons and warnings that the current crisis has generously demonstrated; (ii) the danger of once again ignoring, even if only partially, the imperative of oil conservation for the dubious 'benefit' of the expansion in monetary revenues and surpluses; and, (iii) the danger of rationalising the dilution of the conservation imperative by the urgency of the acquisition of expanded financial resources for the pattern and scale of spending/investing which characterised the last few pre-crisis years, and thus downgrading the urgency of socioeconomic discipline and rationality.

Admittedly, it is easier to make such pronouncements that are loaded with values and normative imperatives, than to design strategies and policies that embody them, and to actually implement the strategies and policies effectively. There are constraints and temptations that combine to make the design and implementation objectively difficult, and subjectively undesirable to decision-makers. The constraints refer to the international pressures that invoke the interests of the world economy and its health and growth, particularly if the productive capacity of non-OPEC countries does not expand considerably and speedily, and if non-oil sources of energy already developed are for one or more reasons not made to satisfy a much larger share of energy requirements than they now do, or yet if the search for new sources is allowed to slacken and falter further. They also refer to domestic pressures that invoke consumption and investment needs, even when these are in part unwarranted, wasteful, or misguided.

On the other hand, the temptations refer to the attractiveness of increased monetary revenues, of the recapture of the position of pre-eminence which OPEC oil had occupied or had (even if precariously and superficially) permitted to the major OPEC members, and of the sense of satisfaction which is gained from merely acceding to the pressures of domestic groups that had benefited enormously, in terms of private fortunes, from the era of free spending and insufficiently controlled government contracts. The combination of constraints and temptations may well be extremely difficult to resist except for the most enlightened and determined of leaderships. Furthermore, given the narrow political base of power in most of the Arab countries, and the limited 'international constituency' where the Arab countries can seek political support within the Western community,<sup>10</sup> resistance will be additionally difficult.

The need for discipline and far-sightedness is particularly great in view of the likelihood that different OPEC members may react differently to a change in conditions towards firmer demand and the opportunities this provides for expanded production and/or increased export prices. The absence of consensus could well bring about the adoption of different policies by different members, and the considerable weakening if not the fragmentation of OPEC, with a price and quota war which will pave the way for yet another oil cycle.

But apart from these structural implications of the first scenario, it will have serious implications for aid and development at the national, the regional, and the international levels. Thus bilateral and multilateral foreign aid by the Arab oil exporters—though still substantial for 1981 and 1982—obviously cannot be maintained at its high level. Even within the Arab region, aid flows have become hesitant and in some instances certain commitments have not been met. Development budgets have been trimmed in almost every oil-exporting country, but this can be a blessing in disguise in many instances where the scale of priorities had not been carefully designed and where lavishness had been permitted. In short, Arab socioeconomic development could be slowed down for several years, if the opportunity to instil much greater discipline is not utilised in setting priorities, in the planning processes, and the design and implementation of programmes and projects.

Conversely, the current crisis could prove useful, though painful, if its lessons were recognised and learned, as the second scenario stipulates. The central part of this scenario is the realisation that Arab policies had erred in certain fundamental respects, and the proper identification of the errors. Likewise, the realisation must include the conviction that the crisis could be the launching

<sup>10</sup> The weakness of Western support to the Arabs (not to say the hostility towards them) precedes the take-over of control of the oil industry in October 1973, when the initiative was taken by six OPEC members, all of whom except Iran were Arab. It derives from historical-religious factors, but relates in more recent times to the Arab-Israeli conflict and the extensive Western support of Israel.



pad for basic reforms and the correction of attitudes, policies, and behaviour patterns. It must also include the identification of the proper course to be pursued if balanced, healthy development is to be promoted. Finally, the oil policies must be so designed as to embody delicate balance between the many interrelated and interacting components.

These components often pull in different directions. Thus, as illustration, to expand production tangibly in order to earn larger revenues would damage the conservation desideratum, yet to allow revenues to shrink would constrict development and welfare outlays domestically and development aid within the Arab region and the Third World at large. In fact, an integrated oil policy must provide for all its components to have room to operate, but must also reflect and express the dynamic interrelationships and interactions among these components, in such a manner as to indicate how the totality of the system behaves when one of its components changes. To 'solve' for an optimal system of policy-making would very much be as complicated and as delicate as to 'solve' for a system of general equilibrium in academic economics. However, in both instances, the fundamental prerequisite for the system to reach equilibrium is the proper definition of the various components and the understanding of their workings and implications, individually and in interaction.

The second scenario goes beyond the oil sector, even given the wide influence of oil in the economies of OPEC countries. One of the lessons which needs to be learned is to place oil resources (and oil revenues) in their proper place, without undue exaggeration or underestimation. This would mean assigning the proper weight to the sectors of industry and agriculture, and to education, training, and the acquisition of technological capability. The Arab region needs to become much more sensitised to the need to approach self-reliance in these sectors and areas, rather than to the deceptively easier course of importing whatever products and skills it needs. Several of the oil-exporting countries must progress from being *rentier* societies and become much more involved in direct production.

To achieve this transformation it is necessary to create relationships of complementarity among Arab countries, in order to compensate for the handicaps from which some of them suffer in terms of small populations and a narrow economic base. National development efforts would benefit from a regional dimension. This would be true particularly in those cases (like the pursuit of agricultural security, the promotion of science and technology, the development of engineering industry, and—obviously—the pursuit of national security) where the mobilisation of the resources and capabilities of several countries would be essential and crucial for tangible desirable results to materialise.

In brief, in all the instances to which reference has been made during the discussion of the second scenario, the current crisis could be of positive value for the future of the Arab economies and societies. Under this scenario, the

different aspects of the role of the oil resource will be crowned by two achievements. The first is that the crisis teaches us that to produce less oil currently will conserve more oil for the future, when Arab industrialisation accelerates to reach a high level of spread and performance, and to contribute substantially to Gross Domestic Product. This would involve a much heavier emphasis on refining and petrochemicals and, therefore, the need for smaller production than when the emphasis is on the export of crude. The second is that the crisis teaches us that the oil resource which is presently a large contributor to GDP can render a greater service to the Arab economies by becoming instrumental in reducing dependence on itself (that is, becoming rather superfluous in a sense), by promoting development.

### Conclusion

Which of the two scenarios has a greater likelihood of coming true in the years to come? Almost certainly neither will unfold in its 'pure' state, as reality is rarely as stereotyped and stiffly categorised as theoretical or speculative models depict. Some of the lessons will be drawn and learned, and indeed there are indicators in support of this assertion. Foremost among these is concern with conservation, and a willingness within OPEC to programme production and, by and large, to adhere to the individual quotas assigned. But the acid test will come when the market firms up and demand exerts heavy pressure for substantially increased supply. Will the conservation discipline remain operative then, or will complacency and over-concern with expanded revenues take over again, and lead once more to an oil cycle?

However, some other lessons will probably not be drawn and learned adequately within the time horizon of the 1980s. Foremost among these is the realisation that Arab economic development has been faulty in certain major aspects, and that it needs to undergo basic changes in its objectives, content, strategies, policies, programmes, and mechanisms. Especially dangerous in this context is the narrow base of political participation which we expect to characterise Arab societies in the immediate future. Possibly, the future will bring with it a clearer understanding of what sound oil policies are and ought to be, but the Arab economies in general will continue to suffer from insufficient awareness of the imbalances and distortions of development as it unfolded over the past decade, and the corrective process here will be even below the level of this limited awareness.

On balance, the current crisis threatens to leave much of its unhealthy mark on the Arab economies for the coming years. The note of hope that we feel is warranted here is that the economies could be so unhealthy and in such disarray as a result of the current crisis, that the need for reappraisal and correction would force itself on the consciousness of the political and other leaderships. In other words, the men and women of the region, who are both the agents and the beneficiaries of development, would force their interests and their voices on

the leaderships in their pressure for radical change; and the debilitating effects of political and economic fragmentation of the Arabs would force to the front both a regional approach to problems and a regional mobilisation of resources and resourcefulness.

## STATISTICAL APPENDIX

**Table 1: Oil and Natural Gas Reserves**

a) Oil (billion barrels, end 1982):	
World	670.2
OAPEC	347.0
OPEC	447.8
OAPEC/World	51.8%
OPEC/World	66.8%
b) Gas (billion cubic metres, end 1982):	
World	85,652
OAPEC	12,126
OPEC	28,631
OAPEC/World	14.2%
OPEC/World	33.4%

**Table 2: Oil Production (1000 barrels/day)**

1982:	World	54,572
	OAPEC	12,756
	OPEC	18,398
	OAPEC/World	23.4%
	OPEC/World	33.7%
1979:	World	63,185
	OAPEC	22,204
	OPEC	31,209
	OAPEC/World	35.1%
	OPEC/World	49.4%
1973:	World	55,803
	OAPEC	18,340
	OPEC	30,979
	OAPEC/World	32.9%
	OPEC/World	55.5%

# ARAB ECONOMIC STRATEGY IN A CHANGING WORLD OIL MARKET

**Table 3: World Energy Consumption (million petroleum barrel equivalent)**

	1979		1980		1981	
	mn pbe	%	mn pbe	%	mn pbe	%
Oil	64.1	45.7	61.6	44.1	59.8	43.1
Natural Gas	25.6	18.2	26.1	18.7	26.6	19.2
Coal	39.5	28.1	40.1	29.0	40.1	28.9
Nuclear	3.1	2.2	3.3	2.4	3.82	2.8
Hydroelectric	8.16	5.8	8.29	5.8	8.33	6.0
Total	140.5	100.0	139.4	100.0	138.7	100.0

**Table 4: Oil Revenues for Seven Arab Members of OPEC (\$ billion)**

1961	1.2
1970	4.5
1973	12.5
1974	51.5
1979	134.9
1980	204.2
1981	189.0
1982	142.6

**Table 5: Gross Domestic Product (\$ million at current prices)**

	1979	1980	1981
Arab OPEC Members	205,919	292,524	281,542
Other Arab Countries	76,313	91,519	96,589
Total 21 Countries	282,232	384,043	378,131

**Table 6: Commodity and Service Exports (\$ million)**

	1979	1980	1981
Oil Exports	142,183	214,093	198,317
Non-Oil Exports	7,383	13,909	12,298
Total 21 Countries	149,566	228,002	210,615

**Table 7: Commodity and Service Imports (\$ million)**

	1979	1980	1981
Arab OPEC Members	77,406	106,419	121,206
Other Arab Countries	30,206	39,350	47,843
Total 21 Countries	107,612	145,769	169,049

**Table 8: Consumption, Private and Public (\$ million)**

	1979	1980	1981
Arab OPEC Members	89,988	120,938	136,467
Other Arab Countries	61,045	78,895	84,717
Total 21 Countries	151,033	199,833	221,184

**Table 9: Gross Fixed Capital Formation, Private and Public (\$ million)**

	1979	1980	1981
Arab OPEC Countries	61,772	79,324	88,296
Other Arab Countries	17,380	22,653	27,086
Total 21 Countries	79,152	101,977	115,382

**Sources:**

- Items 1, 2, 3, and 4: OAPEC, *Secretary-General's Eighth Annual Report, 1981*. Kuwait 1982 (Arabic); and OAPEC, *Secretary-General's Ninth Annual Report, 1982*. Kuwait 1983 (in Arabic).
- Item 4 for revenues: for the years 1961, 1970, 1973, 1974, 1979, and 1980: *Middle East Economic Survey*, 25(1) 19 October 1981. For 1981 and 1982: OAPEC, *Secretary-General's Ninth Annual Report, 1982*, p 67.
- Items 5-9: Secretariat-General of the League of Arab States, Arab Monetary Fund, Arab Fund for Economic and Social Development, and OAPEC, *Consolidated Arab Economic Report 1981*. 1982. (in Arabic), Table 2.7, p 195; and *Consolidated Arab Economic Report 1982*. 1983 (in Arabic). Tables 2.1 and 2.2, pp 147 and 148.

**NOTE**

The title originally suggested by the author for this article was: 'The Current Oil Crisis and the Future of the Arab Economies'.

## Charisma, Revolution, and State Formation: Qaddafi and Libya

The Libyan Revolution of Mu'ammār Qaddafi is perhaps the most exemplary contemporary case of the politics of charismatic leadership. Qaddafi's regime exhibits all the classic symptoms and faces all the characteristic dilemmas of charismatic authority adumbrated by Weber.<sup>1</sup> Qaddafi's revolution emerged from a 'time of troubles' in which a traditional order, tainted by association with foreign powers and undermined by the social mobilisation and cultural breakdown unleashed by oil wealth, had lost its legitimacy. The new leaders emerged from the alienated middle and lower strata of society. The new Libya which emerged from Qaddafi's 1969 coup lacked the sociopolitical bases of highly institutionalised states; power rested on neither the balance of classes and groups typical of Western pluralism nor the massive political and bureaucratic organisations of communist societies. Rather, the core of the new regime was the relation between the charismatic leader and his (often armed) followers; political power grew out of personal leadership, ideological proselytisation, and the barrels of the Free Officers' guns. The leader assumed enormous personal power to govern in the interest of substantive justice or the common good as he saw it, unconstrained by traditional or legal limits. Indeed, he adopted the role of prophetic 'law-giver', reshaping and recasting according to an ideology of transformation—virtually a 'political religion'—Libya's fluid social and political structures with a freedom unknown in more structured societies. Qaddafi's revolutionary vision expressed all the messianic and all-encompassing ambitions typical of the charismatic leader.

He has sought to fashion, from a people attached to their private concerns and kinship loyalties, a participant and committed citizenry, loyal to the nation. He seeks to impose a nativist cultural revolution based on a new fusing of Arabism and Islam; this is to provide the bases of motivation and community, submerge traditional parochialism, and purge the country of the cosmopolitan influences which infect its educated classes. Qaddafi seeks to erect a modern productive economy, to build an industrial base and restore a declining agriculture, to turn Libyans from backward producers or consumerist parasites living on the handouts of an oil-rich state into skilled working citizens. He has sought to fashion a just and egalitarian social order free of exploitation and class cleavages, a commitment that has led him inexorably toward an

<sup>1</sup> Max Weber, *The Theory of Social and Economic Organization*, New York: The Free Press, 1964, pp 358–92.

increasingly radical socialism. Like most charismatic leaders, Qaddafi believes his mission to be of more than purely local validity. He has tended to regard Libya not as the sufficient unit of community, but as a base from which to export his revolution to the Arab world, the true unit of nationhood for Arab nationalists, and even beyond. Since Arab national resurgence is inseparable from the elimination of foreign control in the Arab world, Qaddafi's revolution is, at base, an anti-imperialist challenge to the dominant world order. Finally, Qaddafi faces obstacles to the realisation of his vision, not dissimilar to those faced by all charismatic leaders: the recalcitrance of human nature, the cynicism of the worldly, the competition of 'false gods', the opposition of powerful established interests. The inevitable gap between its ideal promise and reality is the special dilemma and frequently the undoing of charismatic authority. To achieve at least a partial bridging of this gap, a 'routinisation' of charisma in a new institutionalised order is its special challenge. This is no easy task: how is personal rule to be reconciled with rules and limits on power, or the revolutionary vision of justice and equality with the demands of everyday economic life? This study will attempt to assess the results of Qaddafi's effort to forge a new political order that is, to create and use political power to fashion a new political community.<sup>2</sup>

#### **The Ideological and Political Determinants of the Libyan Political Model**

Qaddafi faced, in building his new state, the dilemma of all 'law-givers', namely, the difficulty of combining the strong leadership needed to impose a new order in the face of resistance with the voluntarist participation needed to give it legitimacy and societal roots. Participation was essential, but had to be guided according to the principles of the Revolution. To accomplish this, power had first to be concentrated, then expanded through mass mobilisation and organisation, and ultimately diffused and shared through institutionalisation. Qaddafi and his colleagues' search for a solution to this dilemma was shaped by certain ideological preconceptions and political conditions. Because they came to power by military coup in a society lacking strong mobilised political forces, they had little need to accommodate the expectations of other politically active elements for a share of power; as a small personally knit in-group with few ties to such elements, they were indisposed to do so. Having made the revolution

<sup>2</sup> The following analysis benefits from several excellent studies of the Libyan revolution to which the writer wishes to acknowledge a special debt. Ruth First's *Libya: the elusive revolution* (London, 1974) was the first sophisticated analysis of the Libyan revolution. The yearly analyses of Hevre Bleuchot, 'Libya: chronique politique' in *Annuaire de l'Afrique du Nord* and the volume by the Centre de Recherches et d'Etudes sur les sociétés méditerranéennes, *La Libye Nouvelle: rupture et continuité* (Paris, 1975) are invaluable. Omar Fathaly and Monte Palmer's *Political Development and Social Change in Libya* (Lexington, Mass., 1980) is a very competent analysis encompassing the first decade of the revolution. For a more extended analysis of the Libyan elite, its formation, ideology, internal conflicts and recruitment, see my 'Libya: personalistic leadership of a populist revolution', in I William Zartman, et. al., *Political Elites in Arab North Africa*, New York and London: Longman, 1982, pp 177-222.

and convinced that they were more representative of the mass public than these elements, they believed themselves entitled to lead and were unwilling to dilute their revolutionary vision by sharing power. On ideological grounds they rejected political models developed outside the Arab-Islamic world to institutionalise participation as alien to its needs and conditions. The Leninist vanguard party, the most typical political formula of the modern revolutionary state, was considered rule by a minority or a single class. The Western pluralist model fragmented the political community between struggling groups concerned only for their own particular interests and also resulted in the domination of some interests over others. Elections were bought or won by deceit, and reflective of the status quo social structure, could be expected to put power in the hands of dominant elites or classes opposed to revolutionary change; representatives merely usurped the sovereignty of the people. Admirers of Nasser, and facing a political situation comparable to that of the Egyptian Free Officers, Qaddafi and his colleagues were initially inclined to the Egyptian model combining strong populist leadership with an all-embracing mass movement designed to exclude political conflicts disruptive of national unity; but they were soon dissatisfied with the elitism and mass passivity this model seemed to engender. Thus, Qaddafi was soon convinced that he would have to fashion an entirely new type of political system. Because he wanted a new political community of active responsible citizens and because he had a certain populist faith in the essential political virtue of the masses, he sought a system which could mobilise mass participation. But he was also convinced that the mobilisation of mass political virtue required his personal leadership and the exclusion of rival elites from access to them. He sought a kind of 'democracy' which would admit of direct personal leadership, eliminate rivals and intermediaries between leader and citizen, and ensure the generation of a revolutionary consensus. Seemingly inspired by both Rousseauist notions of direct democracy and the practices of tribal leadership and Islamic *shura* (consultation), Qaddafi's experiments culminated in a new state which denied it was a state, a regime which claimed to be the world's only authentic democracy. The new regime can best be understood through an analysis of its gradual development over the first decade of Qaddafi's rule.<sup>3</sup>

### Building a New Political Order

#### The Concentration and Consolidation of Power

In the aftermath of their 1969 coup, the first priority of Qaddafi and his colleagues was to concentrate and consolidate power in the new regime. A first key to this was to organise themselves in a cohesive leadership team. This took

<sup>3</sup> For a discussion of the ideological roots behind Qaddafi's political experiments, see Sami G Hajjar, 'The Jamahiriya Experiment in Libya: Qadhafi and Rousseau', *The Journal of Modern African Studies* 18(2) 1980, pp 181-200.



the form of a revolutionary council of the leading Free Officers in which Qaddafi was the pre-eminent figure, but shared power with his comrades-in-arms. For the initial years of the regime, the council functioned as an effective collective leadership. Another key step, the establishment of firm control over the state coercive and administrative apparatus, was quickly accomplished. The upper and middle ranks of the officer corps were purged and Qaddafi's Free Officer followers appointed to the vacant command posts. The control of the army by the Free Officer movement, a body of personal followers forged by Qaddafi as a prelude to his coup, and the assumption of the high command by his closest revolutionary comrades, henceforth served as a major and apparently secure pillar of Qaddafi's power. Although military politicians did not subsequently become the dominant political cadre of the regime, as in Egypt, they remained a critical constituency for Qaddafi with whom he took care periodically to consult. Qaddafi and his men also assumed full executive and legislative powers, including the right to appoint the cabinet which they took to staffing with politically trustworthy technocrats. Thus they acquired the levers of bureaucratic authority. A third key to regime consolidation was the generation of popular legitimacy, also relatively quickly accomplished. The removal of the discredited *ancien régime* was in itself enough to predispose most Libyans to the new rulers. Their nationalist achievements—the expulsion of foreign bases and settlers, their militant and successful extraction of higher prices from the oil companies, and their forceful advocacy of the Palestinian and anti-imperialist causes—exhilarated a people long fed-up with the old regime's deference to foreign powers. Along with Nasser's blessing, these initiatives, giving Qaddafi an image of forcefulness and success, laid the foundations for his personal charismatic authority. The return of Libya to the Arab-Islamic community from which the old regime had alienated her and Qaddafi's unionist initiatives also appealed to the powerful Arab nationalist sentiment of Libya's mass public. Qaddafi's intense religiosity struck a responsive chord among the pious masses and neutralised traditional opposition to the new regime. The regime's early socioeconomic policies also helped to consolidate a popular base.

In command of Libya's growing oil revenues, the state assumed an expanding planning, regulatory, and entrepreneurial role in the economy which made a growing number of Libyans dependent on and beholden to it for their livelihoods. An ambitious development programme, aimed at the creation of an industrial base and the restoration of a declining agriculture, pleased modernising elements and opened up new opportunities for the educated middle class whose services were generously rewarded. A populist welfare state took form, resting on increased minimum wages, popular housing programmes, rent control, the distribution of lands seized from foreign settlers, and expanded government employment. But the regime did not challenge the emerging capitalist sector of the economy; indeed, on condition that it be

'non-exploitative', it was legitimised and its base broadened by a policy of widened distribution of government contracts encouraging the growth of petty entrepreneurs and by generous subsidies to private agriculture. The regime sought to foster Libyan entrepreneurship, appease opposition, and give the middle sectors a stake in the revolution. Thus, a mixed economy with a broadened base emerged. The final key to consolidation was the regime's concerted effort to bring the political arena under its control. The rudiments of pluralist political life were repressed: political parties were banned, the press, unions and voluntary associations brought under government tutelage, opposition to the principles of the Revolution forbidden, and legitimate political activity confined to an official mass organisation, the Arab Socialist Union (ASU). Early efforts at the political penetration of mass society took the form of ASU branches in the village and the replacement of tribal chiefs by loyal 'modernising' officials at the levers of local government. These measures were, taken together, sufficient to consolidate the new regime, contain opposition by traditional or liberal elites pushed from the centre of political activity, and win a largely unorganised and barely mobilised but significant popular base for the regime, chiefly among the urban lower middle and lower classes. In its combination of personalistic, military-based rule, an authoritarian-bureaucratic style of governance, and nationalist-populist policies and support, the new Libya seemed to be squarely in the tradition of authoritarian-populist rule so typical of the Middle East.

### Elite Opposition, Popular Mobilisation

Qaddafi aimed at more, however, than the consolidation of power; he wanted to carry out a revolution in Libya and then export it to the Arab world. As his ambitions became apparent, they encountered growing, though covert, resistance from established interests; Qaddafi, in turn, soon discovered that he lacked the political instruments to mobilise an activist following capable of overcoming this opposition. Resistance in the bureaucracy to Qaddafi's desire to make it a developmental and service instrument frustrated him; all too many bureaucrats were unmotivated, inefficient, incompetent and wasteful and negligent of public property. Middle class political elements, a big segment of the attentive public, were alienated by the regime's repression of autonomous political activity; they were apathetic or covertly opposed to the regime. The tribal elite offered passive resistance to the regime's effort to penetrate and mobilise the rural areas, and much of the rural masses remained under their influence, encapsulated in small communities bounded by kinship culture. Neither local government nor the ASU were able to mobilise the mass participation Qaddafi wanted; local officials had little interest in mass activism and did not enjoy much popular confidence, while the ASU, lacking political cadres and infiltrated or boycotted by opposition forces, was impotent. Much of the Westernised bourgeoisie disliked Qaddafi's militant nativism and his



campaign against cosmopolitan influences; resistance in student circles to his drive to impose a puritanic Islamic moral code and to require some sort of national service, was only the most overt manifestation of this conflict. Westernised states were also sceptical of Qaddafi's pan-Arabist schemes or opposed to his pursuit of union with Egypt as a threat to Libyan jobs and oil wealth. Sadat's rebuff of Qaddafi's initiatives and a similar failure of efforts to merge with Tunisia seemed to show the impotence of his pan-Arab ambitions and vindicate such scepticism. Qaddafi's virtual exclusion from the 1973 war damaged his claim to pan-Arab leadership. His Arab policy, soon diverted into efforts to subvert the Arab regimes he believed were betraying Arabism, equally failed to result in any concrete achievements, despite substantial expenditure of Libyan resources, but isolated Libya from most of the other Arab states. The apparent failure of his foreign policies could not but erode Qaddafi's political standing, based as it was chiefly on Arab nationalism. Most alarming of all for Qaddafi, as his stature among social elites weakened, a growing cleavage developed inside the top political elite between Qaddafi's more radical faction and moderate Free Officers who sympathised with middle class grievances or opposed Qaddafi's pan-Arab entanglements, and his growing propensity, as the leadership consensus eroded, to act unilaterally.

By 1973 Qaddafi had decided that he could not recover the initiative without the mobilisation of new political resources. Hence, he launched a major effort to go over the heads of social and bureaucratic elites in a direct appeal to the masses. This initiative took the form of the so-called popular or cultural revolution in which Qaddafi, in imitation of the Chinese precedent, incited the mass public to take direct action against opponents of his policies. Supposedly obstructive and unresponsive bureaucrats were removed from office, suspected opponents in the ASU and the universities purged, and 'popular committees' were set up in work places and local (but not central) government offices to which officials were to be held accountable. Qaddafi was clearly trying to broaden his personal support base; at a disadvantage in the small elite political arena, he hoped to strengthen his hand in dealing with elites by widening the scope of conflict and mobilising new actors into politics on his side. He was also trying, it seems, to overcome the mass passivity which obstructed his vision of a new revolutionary community. It appears that the waves of 'popular revolution' encouraged by Qaddafi from 1973 to 1975 did help to foster a new group of activists drawn from the lower strata Qaddafi saw as his constituency, distinct from and partly opposed to both tribal and official sub-elites.<sup>4</sup> But on the whole the episode ended indecisively. Many of the new activists who had 'seized' power in the popular committees proved to be opportunists after personal power or to be as negligent and even more incompetent than the bureaucrats they were supposed to control. The later

<sup>4</sup> Omar Fathaly, Monte Palmer, Richard Chackerian, *Political Development and Bureaucracy in Libya* (Lexington, Mass., 1977) pp 97-9.

waves of the popular revolution encouraged by Qaddafi were meant to purify his new following, but moderate opponents tried to use the administrative confusion caused by the experiment to pack with or subordinate the popular committees to educated officials. Ultimately the popular revolution wasn't enough to decisively shift the balance of political power between Qaddafi and his rivals and the conflict had to be decided in an outbreak of intra-elite violence at the apex of the state. In 1975 several top Free Officer moderates attempted a coup against Qaddafi which took the classic form of a movement by military units on the basis of personal ties between conspirators. It failed because, in the most immediate sense, the conspirators could not match Qaddafi's clientage network in the military and because the levers of the high command, hence the weight of military discipline, were in the hands of officer-politicians who stayed loyal to him. In short, the comparative strength of personal clientage networks in the coercive base of the regime proved decisive. Wider political forces, whether Qaddafi's middle class opponents or the leaders of his popular constituency, played no overt role in the contest. Nevertheless, Qaddafi's charismatic stature and personal standing as leader of the Revolution in the eyes of the mass public played an indirect role because it deterred many disaffected elites from joining the conspiracy either for fear of popular reaction or because of the psychological dominance it gave him. Moreover, the conflict was not unconnected to the interests of social forces: the lower class elements of the elite were concentrated in the radical faction and the middle class ones in the moderate faction, and each, in an informal way, spoke for the stratum from which it came. Thus the conflict, though fought out in a small elite arena, had implications for the wider mass one. The breakdown of collegial decision-making through the revolutionary council, however, showed that the political process, even within the elite arena, remained uninstitutionalised; authority and power remained based on personal charisma and coercion.

**Personalistic Leadership and Political Institution-Building: the law-giver and the emergence of people's power**

1975 marked a major watershed in the development of the Libyan political system. On the one hand, Qaddafi's personal leadership was decisively established with the purge of the Free Officers who had challenged him, leaving in the revolutionary council only those apparently in agreement with his course. Qaddafi now clearly emerged, with the gradual promulgation of the *Green Book*, a virtual blueprint for the transformation of Libya, as sole ideological innovator. On the other hand, Qaddafi also began to build the political infrastructure the regime still lacked and needed to organise the mass following it was developing, particularly through the cultural revolution.

By 1979, the structures of Qaddafi's new political system were in place. In principle, this system embodied a popular democracy in which authority flowed

upward from the sovereign people through a four-tiered series of assemblies and committees. At the bottom level were 'Popular Committees' playing either a conflict-resolution role in the neighbourhoods or charged with the 'self-management' of economic enterprises. Next, at the sub-district level, were 187 'Basic Peoples Congresses' composed of the whole people assembled in the area; they elected their own political secretaries and 'popular committees' which functioned as local administrative leadership. At the district level, were 45 'Popular Congresses' elected from the basic congresses, also with secretariats; they were paralleled by administrative popular committees composed of specialists corresponding to national administrative departments and functioning as regional cabinets. At the national level was the General Popular Congress composed of delegates (usually the secretariats) of the Basic Peoples Congresses which approximated a national legislature. Responsible to it was the General Popular Committee, analogous to a cabinet, composed of elements picked by the General Popular Congress from lower level popular committees. The General Congress also elected a supreme political leadership called the 'General Secretariat', held by Qaddafi and his top Free Officer colleagues until 1979 when he turned formal political leadership over to civilians. Parallel to this geographically-based structure, a series of occupational syndicates existed—for farmers, students, doctors, women, etc.—which were also represented in the general congress. Much of the population was also organised in a popular militia. Finally, in 1979, a separate, informal structure of political authority was created inside the congresses and syndicates; headed by Qaddafi, it was composed of 'Revolutionary Committees' charged with exercising political leadership of the masses inside the popular democracy on the basis of ideological influence rather than legal authority. They resembled the party fractions which operate inside the government machinery of communist systems, except that they were not organised as a vanguard party, being linked to the leader in a largely personal and sporadic fashion.<sup>8</sup>

In spite of the claim in the *Green Book* that this system embodies a direct popular democracy which demolishes barriers between the people and the exercise of power, examination of several actual political processes—recruitment, policy-making and policy-implementation makes clear that the exercise of democracy from below is controlled and channelled from above. Formally, leadership recruitment takes place by election from below. In practice, Qaddafi and his close colleagues remain the top political elite, ruling on the basis of their initial coercive seizure of power and their charismatic legitimacy, rather than election from below. Top executives, formally elected by the General People's Congress, appear to be nominated by Qaddafi. Even elections at lower levels increasingly came to be guided from above. Earlier uncontrolled elections

<sup>8</sup> Omar Fathaly and Monte Palmer, *Political Development and Social Change*, pp 140–42, 197–202; Hevre Bleuchot and T Monastiri, 'Libye: L'Evolution des Institutions Politiques, 1969–1978', in *Annuaire de l'Afrique du Nord*, 1978.

tended to reflect tribal solidarities (so that, for example, the largest tribe in an area would inevitably be able to elect its leaders at the expense of smaller ones),<sup>6</sup> or they resulted in the election of local influentials uncongenial to the regime or in the dominance of popular committees by persons lacking administrative qualifications; in response, the regime charged the 'revolutionary committees' with the guidance of elections, that is, to screening candidates for political loyalty and technical competence. The system of open nomination and voting by hand was likely to preclude opposition candidates, although not necessarily some debate over qualifications and perhaps some choice. Revolutionary committees themselves seemed to be virtually self-appointed in response to Qaddafi's call for their establishment, although Qaddafi could, no doubt, veto or purge elements he considered unsuitable. In short, political recruitment in the new Libya seemed to be based on a combination of advancement from below and cooptation from above; the closer to the political apex, the greater the intervention from above. For those, often of modest social status, who were loyal to the leader's ideology, this system provided a relatively open channel of political advancement and apprenticeship. But it was virtually closed to those who wished to contest Qaddafism.

The effect of mass participation on the *policy-making* process was similarly circumscribed by leadership priorities and controls. Foreign and defence policy was virtually a 'reserved sphere' of the leader; thus, a major decision like the Uganda intervention does not appear even to have been discussed by the popular congresses. In domestic matters, there was a consultative process which typically began with the dispatch of proposals from the leadership for discussion in the Basic People's Congresses. A consensus was reached and delegates bound by it sent to the periodic general congresses; this 'imperative mandate' was held to make the system a direct rather than a representative democracy. Many of the proposals so discussed were the major reforms blueprinted in the *Green Book*, such as the nationalisation of trade, agrarian reform, and military service including women. Qaddafi did encounter resistance in the congresses to many of these initiatives but he ultimately prevailed on any matter he considered critical to his revolution. On lesser 'who gets what' issues, particularly the distribution of budget expenditures, the system was more open to the competitive articulation of interests; in particular, the system became a vehicle for local demands on the national budget. But even this demand process was restrained from above. The weight of the 'instructions' of basic congresses to their delegates was diluted by the practice of aggregating the conflicting demands of different congresses through a joint committee of the general congress and the cabinet in which the latter attempted to tailor demands to the priorities of a Five Year Plan previously drawn up in the

<sup>6</sup> J Davis, 'Qaddafi's Theory and Practice of Non-Representative Government', *Government and Opposition* 17(1), Winter 1982, pp 61-79.

national bureaucracy. Qaddafi typically threw his weight on the side of the cabinet against budget-busting raids from below, arguing that investments had to be done on a scientific cost-benefit basis. Qaddafi was clearly disappointed with the opposition to his most cherished initiatives and by the economically irrational and consumerist particularism expressed in the basic congresses. He complained that their delegates often expressed the interests of small groups or individuals rather than the authentic will of the people; he expected, however, that this deficiency would be remedied as the political consciousness, experience, and information access of the basic congresses was raised, and it was to undertake this that the revolutionary committees were created. Since these were not selectively recruited or ideologically disciplined, it was perhaps not surprising that they themselves have also fallen below the leader's expectations of political virtue; they did however give him a lever, however imperfect, to make sure his national priorities were favourably considered at the base. In conclusion, it appears that while Qaddafi did genuinely attempt to engage popular participation in policy-making, when the outcome of this process departed from an authentic expression of the general will as he saw it, he would intervene to set it right.

The line of administrative authority responsible for policy implementation began at the cabinet which translated the consensus reached in the consultative process into concrete plans and laws. Under the decentralisation measures of 1979, actual responsibility for implementation of nationally-set objectives was assigned to the 45 regional popular committees at the district level. From here the line of authority proceeded to the subdistrict, neighbourhood and enterprise popular committees. In operation, this system admitted of numerous jurisdictional conflicts between national and local needs, the demands of technical expertise and popular sovereignty. Some problems grew out of an ill-defined differentiation between political and administrative authority. Popular committees at first combined political activists and career officials, which led to conflicts and the frequent presence of unqualified persons in administrative roles. By 1979, the regime was seeing to it that technically competent elements were selected for popular committees. Popular committees remained, however, accountable to local people's congresses as well as their administrative superiors. In principle, such dual accountability could keep officials responsive to both local popular and national and technical needs. In practice it did not always work well: administrators could be paralysed or diverted into the irrational particularistic application of policies by excessive political intervention; on the other hand, people's congresses often proved too passive to exercise effective oversight. Decentralisation itself posed the problem of defining the actual authority of the national and regional cabinets. In short, decentralised administration by elected committees probably helped to bridge the gap between people and government and broadened participation in public affairs, but this was often at the cost of diluted authority and

responsibility, decisionmaking inertia, and enhanced local particularism potentially at odds with national priorities.

**Revolution From Above: altering the social-cultural bases of political community**

Even as he fashioned his 'Popular Democracy', Qaddafi was becoming convinced that political change alone was insufficient to create a new community and that a radical socialist transformation of social structure and culture was needed to consolidate its basis. On practical grounds, Qaddafi was dissatisfied with the results of the regime's mixed *étatist*-capitalist socioeconomic policies. To be sure, the massive state development drive was endowing Libya with expanded industrial and agricultural bases and a rapid expansion of education was developing her human resources. A traditional society was being rushed into the twentieth century. But crash modernisation had high costs. The bureaucracy was extremely wasteful, the development effort was excessively dependent on foreign manpower, and massive urbanisation fuelled consumption demands and further eroded indigenous agriculture. State capitalism stimulated, not a productive Libyan entrepreneurship, but middleman ventures between the state and foreign contractors, an explosion of import commerce, and absentee agriculture dependent on imported labour. Non-productive state employment mushroomed. Libyans were becoming a non-productive, dependent leisure class and a new *comprador* bourgeoisie, swelled by exorbitant profits, was in formation. On grounds of ideological principle, too, Qaddafi turned against capitalism as an unjust system. By 1978, he had become convinced that private ownership of the means of production was exploitative and that men made dependent on others by wage labour were unfree. Commerce and real estate were parasitic enterprises unentitled to the huge profits they acquired. Private accumulation of wealth and property was possible only at the expense of others and of justice. The profit motive, he now believed, was illegitimate and differences in income were justified only by differences in work, not in property. Accordingly, in a series of decrees, Qaddafi set out to efface capitalism and forge a new socialist society based on these tenets. Land was nationalised; its inheritance and tenancy were outlawed. Housing was taken from landlords and distributed to tenants or the homeless. Demonetisation wiped out many of the accumulated assets of the rich, while minimum wages were increased several-fold. Commerce was taken over by state stores selling at cost, or, in the case of basic commodities, at subsidised prices. Three forms of economic entrepreneurship were legitimised. The state sector would persist, serving as the dominant channel of development investment. Private enterprises were taken over by workers to be run as cooperatives by popular committees. Small family ownership in artisanal activities and farming were allowed, provided hired labour was not used; the





distribution of large holdings and reclaimed state land and laws against tenancy aimed, in fact, at the reestablishment of a productive Libyan family farmer.

The result of these measures seemed to be a massive levelling of the social structure, more radical than that attempted in any other Arab country. Making the new order an economically productive system faced, however, formidable challenges. Upper and middle class groups damaged by the reforms—many of which were employed in the bureaucracy—were naturally alienated; a major brain drain, and new laws against corruption, smuggling of wealth abroad, and sabotage were symptoms of their reaction. Utilising the scarce skills of this group in the new order was a major problem for the regime and, in the short run, Libya may have been made more dependent on foreigners to run its economy. Libya was now socialist, but there was no evidence that the wasteful and inefficient bureaucracy, whose responsibility for the economy was greatly increased under the new system, had been appropriately reformed.<sup>7</sup> Moreover, Libya lacked the ideological vanguard party and the sophisticated planning and control apparatus used by socialist regimes to replace private entrepreneurship and the market in the mobilisation and allocation of resources. In industry, it would not be easy to accommodate worker control of enterprises with a central plan or managerial authority; reports suggested that, in the short run at least, the new system resulted in low labour discipline, high non-competitive costs, and dependence on government subsidies. There was also a disorganisation of the marketing system. Finally, the regime offered no immediate solution for the extraordinary and burdensome manpower redundancy in the government sector.

Simultaneously, Qaddafi embarked on a major ideological revolution. He proclaimed, in essence, the founding of a new reformed Islam which, purged of reaction, would return Muslims to the right path from which they had strayed. Qaddafi attacked the very foundations of the traditional Islamic order. The *Quran* alone, he declared, was revelation, and its appropriate function was as a source of personal ethics and general moral principles, not detailed social prescription; the traditional *hadith* and *fiqh*, the essence of the *Sharia*, was, he held, man-made, historically bound, and inappropriate as the basis of law in the new community. The *Green Book*, instead, was held to embody a more authentic application of the spirit of the *Quran* and *Sunna* to social life, and in defence of this claim, new interpretations of the *Quran* and *hadith* quite at variance with traditional orthodoxy, were put forth. And, Qaddafi declared, Islam had no need of an *ulema* class to interpret it; rather, it was implied, Qaddafi himself represented a new *imam* competent to shape an Islamic code for modern men. One immediate occasion for this remarkable assault on orthodox religion was the *ulema*'s use of traditional Islam to refute the *Green*

<sup>7</sup> Nathan Alexander, 'Libya: the continuous revolution', *Middle Eastern Studies* 17(2) April 1981, pp 210-27; for a critique stressing the economic costs of the revolution, see J A Allen, *Libya: the experience of oil*, London and Boulder, Colorado: Croom Helm/Westview Press, 1981.

*Book*, particularly the socialism which threatened its class interests. But, in a deeper sense, it was an outcome of Qaddafi's search for an ideology which could motivate, mobilise and culturally transform Libya. Islam, he believed, was the only authentic ideology for the Arab nation and could alone hope to raise Libyans above their private concerns as it had done repeatedly in the history of the Arabs. Since traditional Islam was encumbered with reactionary practices (such as polygamy) and conceptions at variance with Qaddafi's view of its inner moral spirit (legitimation of private property), it had to be rectified. Qaddafi's radical revision of accepted Islam was neither implausible or unprecedented in Islamic history, but whether as a secular figure he had the stature to be accepted as self-appointed *imam* as against the *ulema*, was a critical question mark.<sup>8</sup>

The consequences of accumulated waves of revolutionary action throughout the 1970s for the formation of a political community and a support base for the new regime were, by the 1980s, ambiguous. Qaddafi's attacks on the interests of numerous elite groups—the old families, tribal leaders, the Westernised bourgeoisie, party leaders, students, bureaucrats, merchants, the *ulema*—had dangerously alienated big and strategic sectors of the upper and middle strata. There was little overt or organised resistance to Qaddafi inside Libya, but much passive resistance; the cosmopolitan and conservative opposition forces kept alive, often in critical portions of the state machine itself, a counter-ideology opposed to Qaddafism. On the other hand, Qaddafi had fostered a growing new elite beholden to and supportive of the new state. Significant parts of the lower and middle classes supported Qaddafi, and, particularly among youth, he had many enthusiastic partisans. He had mobilised and organised political activity among these strata to an unprecedented degree. They had benefited from his egalitarian social policies and were generally receptive to his nationalist and anti-imperialist foreign policy. But many elements of his popular constituency remained apathetic or traditionalistic. His support among traditional elements of the masses suffered from the hostility of the *ulema* and his effort to mobilise women (as a surrogate proletariat?). The radical value transformation which could turn particularist consumerist Libyans into productive and virtuous citizens was taking place, if at all, very slowly. If Qaddafi's foreign policy continued to suffer costly reverses, his charismatic stature, ultimately rooted in his nationalist appeal, was bound to suffer erosion among the masses. Thus, while a new revolutionary community in embryo may have been in formation, it had clearly not been consolidated by the 1980s.<sup>9</sup>

<sup>8</sup> Two contrasting analyses of Qaddafi's ideological religious innovations are Sarwat Anis al-Assiouty, 'Qathafi's Green Book and Social Legislation', paper given to SSRC Conference on Social Legislation, Rabat, 1981, and Ann Elizabeth Mayer, 'Islamic Resurgence or New Prophethood: the role of Islam in Qadhafi's ideology', in Ali E Hilal Dessouki, *Islamic Resurgence in the Arab World*, New York: Praeger, 1982, pp 196–250.

<sup>9</sup> Two contrasting assessments of the outcome of Qaddafi's efforts to create a new political community are: Lisa Anderson, 'Libya and American Foreign Policy', *Middle East Journal* 36(4)

**The Libyan Political System: the achievements and limits of charismatic mobilisation from above.**

By the 1980s, the basic feature of the Libyan political system had crystallised, making apparent both its strengths and weaknesses. At the top stood the charismatic leader, enjoying virtually unlimited authoritarian powers, the source of all innovation and basic policy, dominating a relatively cohesive if uninstitutionalised decision-making centre. His rule was based on three 'pillars'. First, his personal legitimacy as 'leader-teacher' constituted the system's basic source of stability. It grew out of both personal qualities and the acceptance by a significant portion of the population of Qaddafi's 'message'. The leader was viewed by his followers as both a man of the people and yet an exceptional person whose ideas expressed their own latent ideals and sentiments, a kind of 'General Will' transcending their private interests and parochial loyalties. Qaddafi's intense personal drive and political vision was also the main source of dynamism in the system. Second, Qaddafi ruled through control of bureaucratic and coercive instruments, a military apparatus bound to him through close personal followers, a bureaucracy run by loyal technocrats charged with translating his ideas into concrete plans and practices. Third, his power rested on the new political infrastructure he had forged, the system of 'popular democracy'. It organised the involvement and generated a minimal ideological consensus among the mass populace regarded by the leader as his constituency; in fostering a pool of enthusiastic activists loyal to the leader and his message and in drawing a major segment of the previously politically inactive public into the political system on the leader's side, it broadened the regime's support base and widened political opportunity and access. Together, these three dimensions of Qaddafi's rule made the new state strong enough to defeat all opposition, and to impose a radical structural revolution and a major development drive on the country. They also gave the regime a stability remarkable in view of the many powerful interests it damaged or threatened. Ten years after Qaddafi's coup, the Libyan state was far stronger and broader based than under the old regime: a modern state was in formation.

It is also clear, however, that the value transformation, the cultural revolution needed to match the structural one, had been, at best, only partially accomplished. Libyans had yet to be raised much above kinship loyalties and consumerism or forged into virtuous new citizens animated by civic duty. Substantial covert opposition remained entrenched among the most strategic sectors of society. The inertia, waste, and inefficiency of officials remained impervious either to charismatic exhortation, or to popular accountability and decentralisation. The limits of Qaddafi's experiment seemed a function of its

Autumn 1982, pp 516-34 and Jacques Roumani, 'From Republic to Jamahiriya: Libya's search for political community', *Middle East Journal* 37(2) Spring 1983, pp 151-68. For a glimpse of their effect at the micro level, see the study by John P Mason, 'Qadhdhafi's "Revolution" and Change in a Libyan Oasis Community', *Middle East Journal* 36(3) Summer 1982.

character as an essentially personalistic revolution from above. First, value transformation in revolutions seems to be a function of mass mobilisation in the course of a struggle against an entrenched state; where a revolution grows out of mass struggle in an anti-colonial or class war, it can generate an intense solidarity capable of submerging opposition and generalising new higher levels of political virtue and obligation. Whether a comparable result can be obtained by revolutions born of military coup and imposed by charisma and bureaucracy from above, seems doubtful. Second, Qaddafi's political instruments, personal creations imposed from above, seemed inadequate to the task of generating and institutionalising a new ideologically virtuous and participant political culture. They seemed to lack the ideological discipline and organisational muscle needed to penetrate and atomise traditional social tissues, generate and energise a large body of committed and disciplined cadres, or effectively activate and control the bureaucratic arms of the state; in short, Qaddafi lacked the Leninist organisational weapon which has proved indispensable to revolutions elsewhere. The recalcitrance of political culture, in turn, constituted an obstacle to the mobilisation of durable participation. As long as Libyans fail to live up to his standards of political virtue, Qaddafi must continuously intervene in the political process in an authoritarian fashion, in order to set things right—or allow his revolution to be subverted. But, as long as he does so, his political infrastructure can acquire only modest political autonomy, it cannot become a vehicle for the translation of demands into policy or for the expression of views out of conformity with official ideology. Thus, the institutionalisation of participation is retarded. The cost of this is likely to be the clogging of channels of access to the elite and, in consequence, either political passivity or the development of clientelism as an alternative means of access. Qaddafi, in short, still faces the challenge of institutionalising both his ideology and a reasonable level of participation. Whether his political system can accomplish this remains to be seen; if it cannot, Qaddafi's revolution is unlikely to outlast him.

## The Western Sahara File

The war between Morocco and the *Frente Popular para la Liberación de Saguia el-Hamra y Río de Oro*, better known as the Polisario Front, is raging in one of the most remote and least known corners of the globe. Who are the people of Western Sahara, the Saharawis? What kind of relations did they have historically with their Moroccan neighbours to the north, and with the Mauritanian tribes to their south? How did such an apparently barren territory as Western Sahara come to be colonised by Spain, and what was Spanish rule there like? The territory's phosphate deposits are well known; but are there any other resources? How and why did Morocco and Mauritania lay claim to Western Sahara from the late 1950s? What indigenous political parties and liberation movements took shape within the Spanish colony, and what have the United Nations, the Organization of African Unity and the International Court of Justice (ICJ) had to say about the controversy surrounding its future?

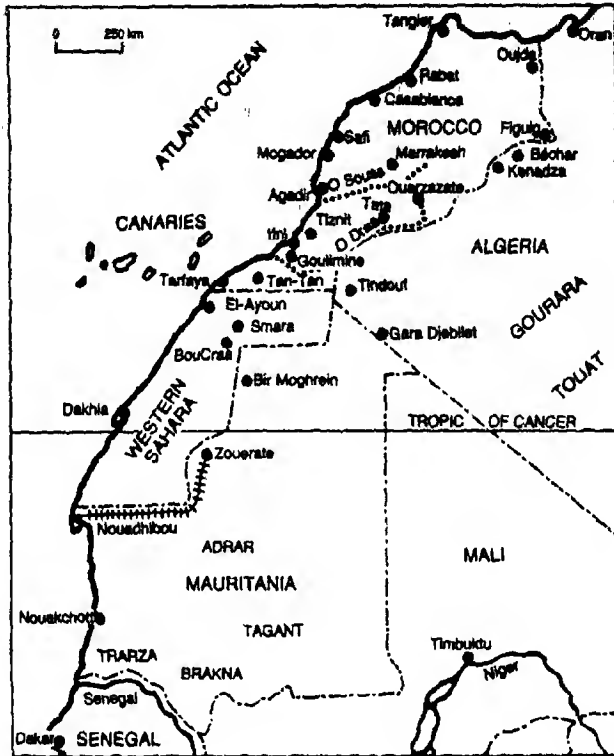
These are some of the questions that this file will address, in the hope of shedding some light on a contemporary decolonisation problem which seems as intractable as it is obscure. It will also examine how Western Sahara was ceded to Morocco and Mauritania in 1975-6, the consequent refugee movements to Algeria and the creation of Polisario's Saharan Arab Democratic Republic, the Moroccan-Mauritanian partition treaty of April 1976, the evolution of the war since 1975, Mauritania's withdrawal from Western Sahara in 1979, the role of the world powers and the prospects for peace.

### The Saharawis

The Western Saharans, or Saharawis as they are known, are a sub-group, ethno-culturally speaking, of the *beidan*, or 'Moors', nomads of mixed Berber, Arab, and black African descent who speak a dialect of Arabic known as Hassaniya and live in a swathe of desert from the Oued Draa in southern Morocco to the valleys of the Niger and the Senegal. Historically, they are the result of the fusion, through wars, subjugation, alliances and inter-marriage, of Sanhaja Berbers (who first migrated into this region in the first millennium BC and acquired the camel in about the first century AD), Bedouin Arabs known as the Beni Hassan (who began arriving at the end of the thirteenth century), and black African slaves. As Arabophone nomads, the Moors were distinct from the Berber Tuareg nomads to their east, as well as from the black African farmers to their south and the semi-nomadic or sedentary Berbers of the Souss and the Anti-Atlas to their immediate north. The tribes, or *qabael*, in the region

## THE WESTERN SAHARA FILE

now known as Western Sahara were regarded, by themselves and their neighbours, as the *ahel es-sahel* (the people of the littoral), since they lived in the extreme western stretch of desert flanking the Atlantic.

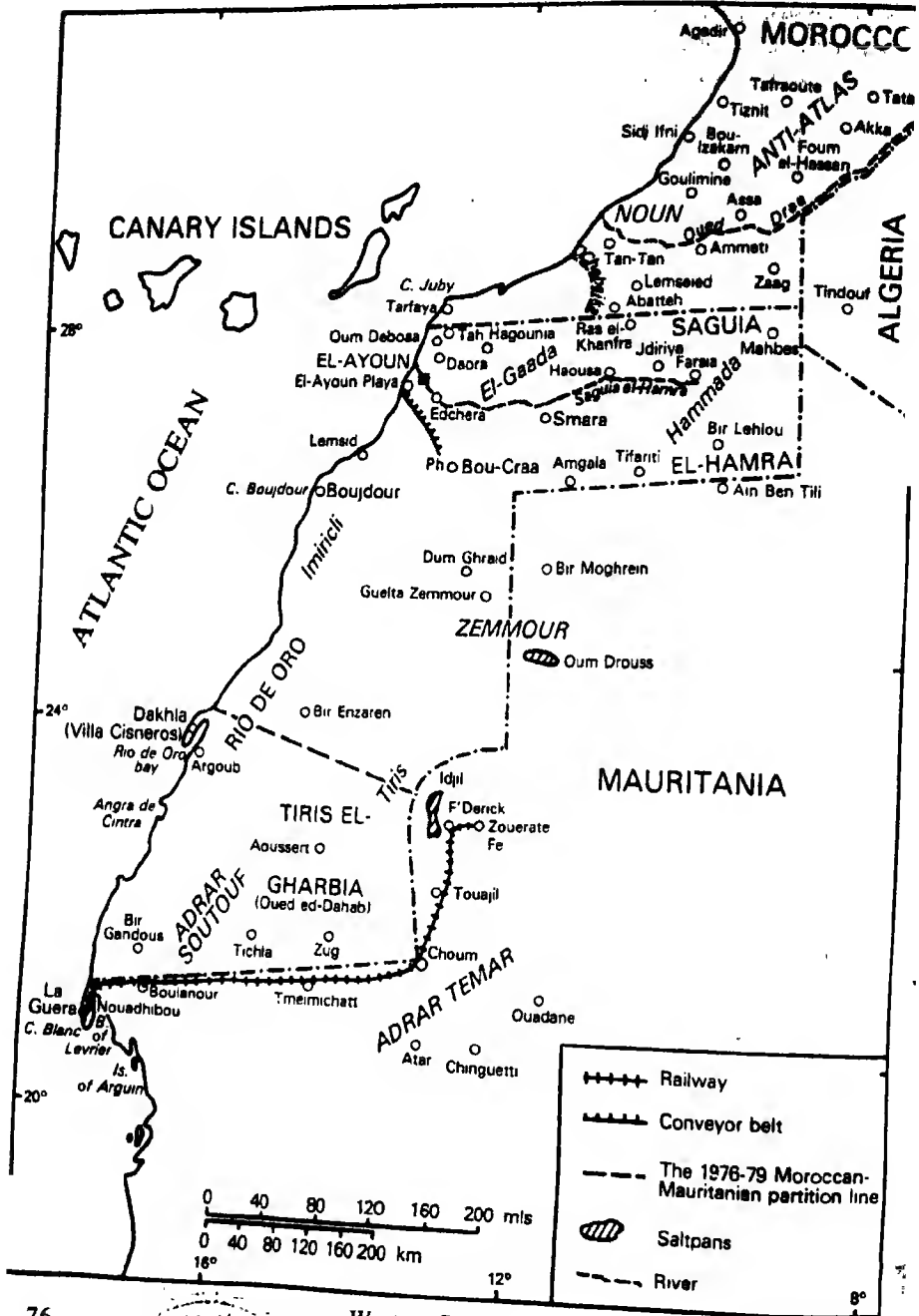


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*North-west Africa*

The Saharawi economy was based on pastoral nomadism. The camel, which has a stomach capacity of up to 60 gallons and can travel some 40 miles a day without drinking for five days in the hottest weeks of the summer, was the key to survival, allowing the nomads to traverse huge distances to reach the scattered pastures and wells. The camel was a pack animal, a means and unit of exchange, the Saharawis' principal 'export' (along with salt), an instrument of war, the foundation of the nomads' diet (milk) and a source of hair (for the weaving of tents) and leather.

The nomad was like a living compass. In his constant struggle against nature,



he knew that the slightest error of judgement could decimate his herds and perhaps result in starvation and death. Survival required a remarkable sense of direction and knowledge of terrain—skills which have contributed to the Saharawis' success as guerrillas in the twentieth century.

The cultivation of crops was marginal to the economy. There were almost no oases between the Oued Draa and the Adrar region of Mauritania, though small quantities of barley were sometimes cultivated in rain-collecting depressions. Furthermore, only small impoverished tribes along the coast engaged in fishing, by wading with large nets from the beach rather than using boats, although Western Sahara has a 720-mile coastline with rich fishing resources that have attracted the Canary Islanders for several centuries. The Saharawis did, however, engage in trade. They would exchange animals, wool, skin and salt for such 'imports' as cereals, tea, sugar, firearms, rugs and pots. They also participated, as guides, escorts or traders, in the long-distance caravan traffic across the Sahara.

Raiding between *qabael* was almost endemic, because of the Saharawis' great mobility, the availability of arms, the competition for livestock, pastures, and wells, and the customary responsibility of agnates for murders, which could cause a vendetta-like spiral of violence.

Saharawi society was divided horizontally and vertically, into tribes and castes. At the top were free *qabael*, known either as *ahel mdafa* (people of the gun) or *shorfa* (descendants of the Prophet Mohammed)—though, for the latter also, freedom rested as much on military prowess as on noble descent. Beneath them, there were *qabael* of tributary status, the *znaga*, who were forced to pay tribute for 'protection' to powerful free tribes. At the bottom of the social scale were castes of craftsmen (*maalemin*) and bards (*iggawen*), who were attached to *qabael* of free or tributary status, and finally the slaves (*abid*) and freed-yet-dependent *haratin*.

The main *ahel mdafa* were the Oulad Delim ('Sons of Delim'), the Izarguien, and the Ait Lahsen. The principal groups of *shorfa* were the Reguibat (who today constitute a numerical majority of the Saharawi population), the Arosien, and the Oulad Bou Sbaa. Together, the *ahel mdafa* and the *shorfa* constituted the overwhelming majority of Saharawis. The only large tribe of *znaga* were the Oulad Tidrarin. There were very few *maalemin*, *iggawen*, *haratin* and *abid*.

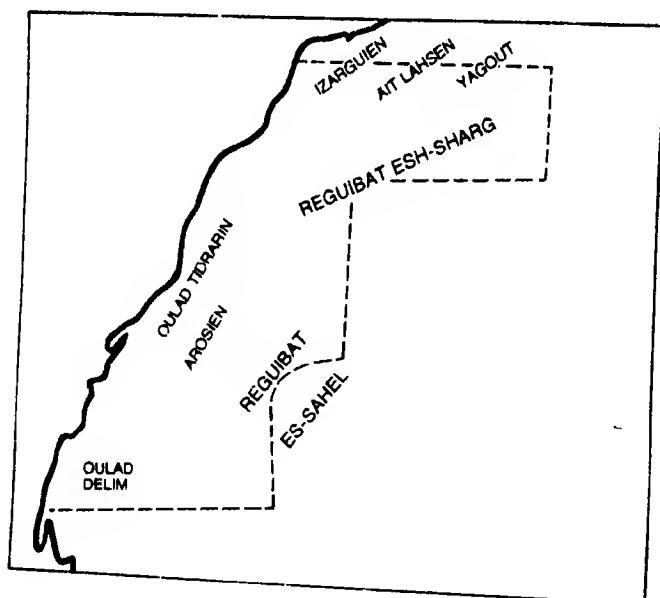
Each *qabila* was segmented into fractions. Politically, each tribe and fraction regulated its affairs through an assembly (*djemaa*) of the heads of its most distinguished families—men who, by virtue of their valour, age, wisdom, piety or wealth, enjoyed the greatest respect. The *djemaa* selected the group's *sheikh* (plural, *shioukh*), established its own body of law, the *orf*, to complement the basic Islamic judicial code, the *Sharia*, and appointed a *qadi* to administer justice. At tribal level, this assembly was often known as an Ait Arbain, or Council of 40. Presided over by a *moqadem*, it would usually be called into



session in time of war or grave crisis, to organise the tribe's defence or a raid (*ghazzi*).

The limited and dispersed pastures required migration in relatively small groups, and so it was very rare for a whole tribe to gather together in one place. Under such conditions of dispersal, in an exceptionally arid and hostile environment, no single group could draw on sufficient power or resources to establish even a semblance of supratribal government. Further south, in southern and western Mauritania (Adrar, Trarza, Tagant and Brakna), where rainfall is higher and oases more frequent, weak embryonic supratribal states were set up from about the seventeenth century. However, their emirs had no authority over the *qabael* of the *ahel es-sahel*, which remained completely independent.

Likewise, the Saharawis were effectively beyond the control of the sultans of Morocco. Much of Morocco itself (the Atlas ranges and the Rif) was normally beyond the sultans' effective writ in pre-colonial times—and thus known as the 'lands of dissidence', the *bilad es-siba*. Intervention by Moroccan sultans in the distant, forbidding Sahara was limited and ephemeral. When there was such intervention, by atypically powerful rulers, like Ahmed el-Mansour (1578–1603) and Moulay Ismail (1672–1727), it was normally motivated by



*The Main Qabael of Western Sahara  
Approximate zones of nomadism, mid-20th century*

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the desire to secure control of the trade routes across the desert or to acquire slaves. The usual means were to send raiding armies, strike up opportune alliances and secure control of strategic oases, market towns, salt-mines and wells. Temporary Moroccan administration was established at times in the Algerian oases and trading centres of Gourara, Touat and Tidikelt and, in the late sixteenth and early seventeenth centuries, in Timbuctoo. Such (very brief) administration was only possible at all because these regions had oases or towns with sedentary populations. In the expanse of desert encompassing what is now known as Western Sahara, however, there were no settlements. This was the domain of long-range camel-herding nomads, the 'sons of the clouds', who were constantly on the move, scattered over enormous, distant tracts of exceedingly inhospitable territory. To have attempted to have administered or taxed them, or to have halted their incessant inter-tribal raiding, would have been utterly utopian.

### Spanish Colonisation

The first European contact with Western Sahara came in the fifteenth century, at the start of the great age of maritime discovery pioneered by Portugal and Spain. Prince Henry the Navigator, the son of King João I of Portugal, sent out annual expeditions from the Algarve to the islands of the Atlantic and the African coast from the 1420s, and in 1434 one of his captains, Gil Eannes, became the first European to succeed in returning from a voyage south of Cape Bojador—beyond which, legend had it, lay the dreaded *Mare Tenebrosum*, the Sea of Darkness. By 1441, Portuguese seamen had reached as far as Cape Blanc. The first Portuguese slave-raid was staged on the Western Saharan coast that year, and thereafter raiding alternated with trading, for slaves and gold. One place where gold was acquired, the inlet at Dakhla, was named the Rio de Ouro by the Portuguese.

Portugal's main rival was Castile, which began conquering the Canary Islands, off the northern tip of the Saharan coast, in 1402. In 1405, Jean de Bethencourt, a Norman knight in the service of Castile, landed on the Saharan coast, to the north of Cape Bojador, and attacked a caravan of traders. In 1476, the Castilian master of the Canaries, Diego García de Herrera, sent an armed force to the Saharan coast to build a fortress, Santa Cruz de Mar Pequeña, which became a trade centre and a base for slave-raiding. Castile and Portugal agreed on spheres of influence along the coast under successive treaties, signed in Alcáçovas (September 1479), Toledo (May 1480), Tordesillas (June 1494), and Cintra (September 1509). However, in 1524, a Saharawi force sacked Santa Cruz de Mar Pequeña. The Spanish, whose imperial interests shifted to the Americas, made no attempt to re-establish a settlement on the Western Saharan coast, though the Portuguese remained on the island of Arguin, just to the south of the modern Western Saharan-Mauritanian border, until its seizure by the Dutch in 1638.



Spain did not renew its interest in the African coast opposite the Canaries until the European scramble for Africa at the end of the nineteenth century. With the French then in possession of Arguin and a British trading company (Donald Mackenzie's North-West Africa Company) installed since 1879 at Tarfaya, directly opposite the Canaries, there were fears in Madrid that France, Britain or some other European power might secure control of this coast and so endanger Spain's hold over the Canaries. It would be prudent, some argued, to raise the Spanish flag to forestall such rivals. Moreover, the traumatic loss of the colonies in Latin America had left a sense of wounded pride which some Spanish nationalists hoped to dispel by pursuing new imperial glories in Africa. Their cause was propounded by such societies as the *Asociación Española para la Exploración de Africa* (founded in 1877 with the backing of King Alfonso XII), the *Sociedad de Geografía de Madrid* (founded in 1876) and, above all, the *Sociedad Española de Africanistas y Colonistas* (launched in 1883), which sent an explorer, Emilio Bonelli, to the Saharan coast in November 1884. The colonialist lobby was supported by business groups which, like Mackenzie, wanted to tap the supposed wealth of the Saharan caravan traffic or to exploit the rich fishing banks off the Saharan coast. In 1881, the *Sociedad de Pesquerías Canario-Africanas* established a pontoon in the Río de Oro bay, and in 1883 the *Compañía Comercial Hispano-Africana* was founded 'to develop Spain's commercial relations with Africa by establishing trading posts and creating a regular steamship service'.<sup>1</sup>

So, by 1884, the year the Congress of Berlin started laying down the ground-rules for the division of Africa, there was a formidable nexus of business interests and 'Africanist' propagandists who, with the ear of the royal family and several prominent politicians, could pressure the Madrid government to embark on a colonial venture on the Saharan coast. In December 1884, the Spanish government proclaimed a 'protectorate' over 'the territories of Río de Oro, Angra de Cintra, and the Bay of the West'.<sup>2</sup> A settlement named Villa Cisneros, was founded at Dakhla, on the Río de Oro bay, in 1885. On 10 July 1885, the whole coast between Capes Bojador and Blanc was placed under the administrative responsibility of the overseas ministry in Madrid and Bonelli was appointed royal commissioner. The Spanish Sahara's borders were delineated by four successive Franco-Spanish conventions, signed in 1886, 1900, 1904 and 1912. In all, Spain acquired 112,000 square miles of desolate desert, comprising two outright colonies—Río de Oro (71,000 square miles) and Saguia el-Hamra (31,650 square miles)—and a 9,900 square mile 'protectorate' known as Spanish South Morocco between parallel 27°40' and

<sup>1</sup> Tomás García Figueras, *Santa Cruz de Mar Pequeña, Ifni, Sahara. La acción de España en la costa occidental de Africa*, Madrid: Ediciones Fe, 1941, p. 126.

<sup>2</sup> J. L. Miège, 'Les origines de la colonie espagnole du Río de Oro' in *Le Sahara: rapports et contacts humains, 7ème colloque d'histoire organisé par la faculté des lettres d'Aix-en-Provence*, Aix-en-Provence: Publications des Annales de la Faculté des Lettres, 1967, p. 210.

the Oued Draa, which was regarded as a southern adjunct of the Spanish protectorate zone set up in northern Morocco (with a capital at Tetuan) when Morocco was divided by France and Spain in 1912.

However, Spain was too weak to occupy its allotted zone of desert. For more than 30 years after its founding, Villa Cisneros was the only Spanish settlement in Western Sahara. In 1916, a second outpost was finally established at Tarfaya, allowing the Spanish flag to fly for the first time in 'Spanish South Morocco'. A third settlement was founded at La Guera, at the tip of Cape Blanc in 1920. However, no attempt was made to occupy points in the interior until as late as 1934.

In the meantime, the hinterland of these supposedly Spanish territories became a sanctuary for nomad forces resisting the French advance into the neighbouring regions of Mauritania, Morocco, and Algeria. Sporadically, for 30 years, from 1904 to 1934, long-range raiding parties would set forth from 'Spanish' territory to attack the French and the tribes that had allied with them. Two of the most celebrated anti-colonial leaders, Sheikh Ma el-Ainin and his son, Ahmed el-Hiba, even attempted, in 1910 and 1912 respectively, to save Morocco from European colonisation by deposing the weak, compromise-prone Alawite sultan, Moulay Hafid. They were defeated by French armies. While El-Hiba kept on fighting against the French from the Anti-Atlas until 1934, his brother, Mohammed Laghdaf, and other Saharawi resistance leaders, such as Mohammed el-Mamoun and El-Aissawi et-Tibari, continued raiding against the French in the desert.

However, in 1934, French forces from Morocco, Algeria and French West Africa finally 'pacified' the border regions of the north-western Sahara in a coordinated military campaign. Simultaneously, at France's behest, Spain at last occupied a few strategic points in the interior of its zone of desert, including the (abandoned) town of Smara, the region's only pre-colonial settlement, which had been built by Ma el-Ainin in 1898-1902.

### Spanish Rule

Still, Spanish Sahara remained an almost forgotten colony, of zero economic value to the metropolis. From 1934 to 1946, it was governed, for purposes of administrative convenience, as an appendage of the Spanish protectorate in northern Morocco. Then, from 1946 to 1958, it formed part of *Africa Occidental Española* (AOE), with Ifni, a small enclave on Morocco's Atlantic coast. As late as 1952, there were still only 216 civilian employees, 24 telephone subscribers, and 366 children in school in the whole of Spanish Sahara. Almost all the Saharawis remained nomads. It was not until the sudden awakening of interest in the territory's mineral resources, in the late 1950s, that their way of life would begin, suddenly and radically, to change.

In 1958, two years after Morocco's independence, AOE was dissolved. Spanish South Morocco was ceded, or retroceded, to the Rabat government,

while the rest of Spain's Saharan territory was converted into a Spanish province, with its own capital at El-Ayoun, where a settlement had been founded in 1940. (A separate province was created in Ifni.) The *Provincia de Sahara* was administered by a governor-general, a military officer with the rank of general who was responsible in military matters to the Captain-General of the Canaries and in civilian affairs to the Presidency of the Council of Ministers in Madrid, through its colonial office, the *Dirección General de Plazas y Provincias Africanas*—or, as it was known after Ifni's cession to Morocco in 1969, the *Dirección General de Promoción del Sahara*.

Under a 1962 decree, El-Ayoun and Villa Cisneros each had municipal status and so were administered by city councils (*ayuntamientos*), headed by mayors (*alcaldes*). Smara and La Guera were deemed 'minor local entities' and administered by local *juntas*. For the territory as a whole, there was a 14-member *Cabildo Provincial* (Provincial Council). From 1963, when the first elections to these bodies were held, three *procuradores* represented the province in the Spanish *Cortes* (Parliament). In 1967, their number was raised to six. However, the electoral process was no more democratic than it was in Spain itself under the Franco dictatorship. None of the councils, at local or provincial level, had any real power.

As for the nomads (the overwhelming majority of the population until the early 1970s), the Spanish authorities continued a policy akin to 'indirect rule', through the *qbael's* traditional *djemaas* and *shioukh*. As sedentarisation increased, however, the Spanish felt a need for new means of communication and consultation with the Saharawi population. So, in 1967, a territorial *Djema*, composed (initially) of 82 members, all Saharawis, was set up. They represented tribal, rather than geographical, constituencies and less than half were directly elected. The assembly had a purely consultative role, and a UN mission of inquiry which visited Western Sahara in May 1975 reported that it appeared to 'depend considerably for guidance on the Spanish authorities' and to be 'representative largely of the older and more conservative element of Saharan society'.<sup>3</sup>

Like metropolitan Spain during the Francoist era, Western Sahara was administered by a ruthless police state. Manifestations of opposition to the colonial status quo were violently repressed. In effect, the territory was a military colony. It was administered by military officers, and after Morocco's independence it became the main home for the Spanish Foreign Legion. In some towns and settlements, Spanish troops outnumbered civilian residents.

To placate the UN, Spain promised, from 1966 onwards, that it would eventually allow self-determination, through a referendum, when the territory and its people were 'ready' for it. In practice, however, such a vague promise

<sup>3</sup> Report of the United Nations Visiting Mission to Spanish Sahara, 1975, in *General Assembly Official Records*, Thirtieth Session, Supplement 23, Vol III, UN Document A/10023/Rev.1, p 44.

allowed Spain to remain indefinitely in the territory, which seemed, in the 1960s, to be on the verge of a mineral bonanza.

### **Economic Resources**

One resource, Western Sahara's rich fishing waters, had been exploited by Spaniards from the Canary Islands for more than four-and-a-half centuries. One of the best fishing zones in the world, the Western Saharan coast is estimated to be able to support a global annual catch of as much as 2 million tons. About 250,000 tons of fish are caught there annually by the Canary Islands' fishing fleet alone. However, Western Sahara itself has benefited little from this wealth. In the peak, pre-war year of 1974, 11,800 tons of fish were landed in Western Saharan ports—about 1 per cent of the total estimated tonnage of fish caught off the territory's coast by vessels from the rest of the world.

In the early 1960s, meanwhile, the world's oil companies descended on Western Sahara, encouraged by the major oil discoveries in the Algerian Sahara. In 1960–1, 43 onshore blocks covering 37 per cent of the territory's land-area, were awarded to 11 consortia grouping 20 oil companies. By 1964, 27 discoveries had been made, but none was deemed commercial. The exploration focus then shifted offshore. Though no oil was ever exploited, oil companies have retained interest in the region. In 1978, the Moroccan government awarded new offshore blocks to BP and Philips Petroleum, though the wartime conditions forced the companies to abandon their permits in 1980. Since then, the oil search has shifted, for political reasons, across the border to the Tarfaya region of southern Morocco, where Shell was authorised to look for shale oil onshore in 1981, and Mobil was awarded offshore exploration rights in 1982 in a region earlier explored by Agip and Esso.

Since the 1950s, there has also been interest in Western Sahara's iron ore, which has been found in three regions—at Agracha, a few miles from the huge iron mines across the Mauritanian border at Zouerate; in the east of Saguia el-Hamra, not far from the Gara Djebilet iron deposits in south-western Algeria; and in the centre of the country. The iron deposits have not yet been exploited, however.

It is phosphate rock, of course, which has really put Western Sahara on the world mineral map. Phosphate deposits were first discovered in the late 1940s, but a systematic survey was not conducted until after the creation of the *Empresa Nacional Minera del Sahara* (ENMINSA) in 1962. ENMINSA estimated the territory's total deposits at 10 billion tons and found proven reserves of 1.7 billion tons of high-grade (75–80 per cent bone phosphate of lime) ore at Bou-Craa. In 1969, Spain's *Instituto Nacional de Industria* (INI) founded a special company, *Fosfatos de Bu-Craa* (Fosbucraa for short), to exploit the deposits there. Exports began in 1972. By 1975, almost pta 25 billion had been invested, providing a production capacity of 3.7 million tons of

ore a year, and annual output had risen to 2.6 million tons. Fosbucraa planned to raise capacity to 10 million tons a year by 1980, making Western Sahara the world's second largest phosphate exporter (after Morocco).

However, the phosphate industry ground to a virtual standstill after the outbreak of war between Morocco and Polisario in 1975.

**The Fall in Phosphate Exports, 1975-9**  
(tons)

1975	2,638,000
1976	277,000
1977	25,000
1978	441,000
1979	139,000

*Sources:* Interview with Larbi el-Omari, Director, Fosbucraa, El-Ayoun, 20 June 1978; *Mining Annual Review*, 1980.

With its phosphate revenues, which had already reached pta 4.7 billion by 1974, Western Sahara would be economically viable as an independent state. Indeed, it might, in view of its small population, enjoy a per capita income comparable to that in Western Europe or the Gulf oil states.

**Social Changes**

The economic changes of the 1960s and early 1970s brought about a rapid modernisation of Saharawi society. The majority of Saharawis gave up their precarious nomadic way of life and settled in the towns, to take up wage-employment, set up shop as traders or send their children to school. The number of Saharawis living in the three main towns (El-Ayoun, Smara, and Villa Cisneros) trebled between 1967 and 1974, reaching 40,660, or 55 per cent of the Saharawis recorded in the 1974 census, which put the total population at 95,019, of whom 73,497 were Saharawis, 20,126 Europeans and 1,396 from other African countries. Some nomads were probably 'missed out', however. Moreover, the census took no account of those Saharawis from the *qabael* which had traditionally roamed in the Western Saharan region, and who—for political or economic reasons—had settled in the neighbouring territories, rather than within the borders of Spanish Sahara. There were at least 75,000 such *ahel es-sahel* in southern Morocco, northern Mauritania, and south-western Algeria by 1974.

**Liberation Movements**

It was Morocco's regaining of independence in 1956 and the calls to

insurrection from the radical leaders of the *Jaich at-Tahrir* (Army of Liberation) in southern Morocco which first inspired the *ahel es-sahel* to rise in revolt—against the French in northern Mauritania and south-western Algeria as well as the Spanish in Western Sahara. Their tactics were modelled on the raids of the pre-‘pacification’ period that had ended barely two decades earlier. Attacks became frequent during 1957 and the weak Spanish forces had to be evacuated from the interior to a handful of strongpoints along the coast. Even Smara was abandoned. However, in February 1958, the insurgency was crushed by a joint Franco-Spanish campaign, Operation Ouragan (Hurricane), involving 14,000 troops and 130 aircraft. The remnants of the Saharawi guerrilla forces were disarmed and disbanded in southern Morocco by the regular Moroccan army, the *Forces Armées Royales* (FAR), which assumed control there from the ‘irregulars’ of the Jaich at-Tahrir the same year. It was only after the decimation of the guerrilla movement that Spain finally agreed, on 1 April 1958, to hand over Spanish South Morocco to the Rabat regime (Agreement of Cintra).

The following decade saw no serious attempts by the Saharawis to challenge Spanish rule. However, the profound changes within the Spanish colony and in the international arena during the 1960s did give rise to a modern, urban-based nationalist movement at the very end of the decade. This was the *Harakat Tahrir Saguia el-Hamra wa Oued ed-Dahab* (Liberation Organisation of Saguia el-Hamra and Oued ed-Dahab), whose principal leader was Mohammed Sidi Ibrahim Bassiri, a Reguibi who had studied in Morocco, Egypt and Syria. A small clandestine movement which advocated social reforms as well as decolonisation, the *Harakat Tahrir* disintegrated after Foreign Legionnaires fired on anti-Spanish demonstrators in El-Ayoun on 17 June 1970. Hundreds of Saharawis were briefly detained. Bassiri was arrested and never reappeared. Most Saharawis believe that he was murdered by his captors.

The initiative for reorganising the anti-colonial movement came from Saharawis living abroad, in Morocco and Mauritania. A nucleus of militant Saharawi students was formed in Rabat in 1971–2. Among them, notably, was a Reguibi, El-Ouali Mustapha Sayed, a student in the law faculty at Mohammed V University, who travelled incessantly between the main centres of the Saharawi diaspora, in Morocco, Mauritania and Algeria, to lay the foundations for a new movement which would fight the Spanish, arms in hand. Fearing Moroccan repression, the embryo of the new movement was formed in Zouerate. Finally, on 10 May 1973, the Polisario Front was born—as the ‘unique expression of the masses, opting for revolutionary violence and the armed struggle as the means by which the Saharawi Arab African people can recover its total liberty and foil the manoeuvres of Spanish colonialism’.<sup>4</sup> The first guerrilla attack, against an outpost of the Spanish Tropas Nómadas at

<sup>4</sup> Manifesto of 10 May 1973. The text may be found in *Sahara Libre* (Polisario Front, Algiers), No. 13, 20 May 1976.



El-Khanga, in the eastern Saguia el-Hamra, followed ten days later. Over the next two years, the Front staged a succession of small hit-and-run attacks, with almost no external support apart from one small consignment of arms from Libya. The governments of Morocco, Mauritania, and Algeria gave no material support to the guerrilla struggle, though Polisario bands could outwit the Spanish by slipping across the border into the vast unpoliceable desert regions of northern Mauritania.

It was at its second congress, held between 25–31 August 1974, that Polisario came out unambiguously in favour of full independence. A manifesto declared that 'the Saharawi people have no alternative but to struggle until wresting their independence, their wealth and their full sovereignty over their land'.<sup>4</sup> The Front was converted from a small vanguard group into a mass movement in 1974–5 as a result of the vacillations of Spanish policy and the looming threat from Morocco at that time. The Front's popular support was dramatically revealed in May 1975, when thousands of pro-Polisario demonstrators took to the streets to greet a UN mission of inquiry as it toured the territory. The mission members reported:

At every place visited, the Mission was met by mass political demonstrations and had numerous private meetings with representatives of every section of the Saharan community. From all these it became evident to the Mission that there was an overwhelming consensus among Saharans within the territory in favour of independence and opposing integration with any neighbouring country . . . The Mission believes, in the light of what it witnessed in the Territory, especially the mass demonstrations, of support for one movement, the Frente POLISARIO . . . that its visit served as a catalyst to bring into the open political forces and pressures which had previously been largely submerged.<sup>5</sup>

After the Moroccan-Mauritanian annexation of Western Sahara in 1975–6, the majority of Saharawis rallied behind the Front to continue the fight for independence. Thousands of men enrolled in its guerrilla army, the Saharawi People's Liberation Army (SPLA), while women, children and old people fled to Polisario-run refugee camps in Algeria, which began aiding the Front early in 1975.

El-Ouali was the Front's Secretary-General from its founding until his death in action in June 1976. At the third congress, held on 26–30 August 1976, another Reguibi, Mohammed Abdelaziz, was elected Secretary-General. He was re-elected at the fourth congress (25–28 September 1978) and the fifth congress (12–16 October 1982). The Secretary-General heads Polisario's supreme leadership body, the 7-member Executive Committee, which is elected by the Front's congress and overseas political, military and diplomatic strategy. A subordinate political bureau, with 25 members, coordinates the Front's political work.

<sup>4</sup> 'Manifeste politique', in *Le peuple saharawi en lutte*, Polisario Front, 1975, p. 50.

<sup>5</sup> Report of the United Nations Visiting Mission to Spanish Sahara, 1975, *op. cit.*, p. 59.

**Executive Committee of the Polisario Front**  
(Elected by the fifth congress, October 1982)

**Mohammed Abdelaziz, Secretary-General**

**Mohammed Lamine Ould Ahmed**

**Mahfoud Ali Beiba**

**Ibrahim Ghali Ould Mustapha**

**Bashir Mustapha Sayed**

**Ayoub Ould Lahbib**

**Mohammed Lamine Ould Bouhali**

Polisario has consistently rejected any settlement of the Western Saharan problem which falls short of granting the territory full independence—within its pre-1975 borders. The fifth congress, which was held under the slogan 'The Whole Country or Martyrdom', vowed to 'defeat all manoeuvres and plots aimed at limiting our national independence over the whole of the territory of the Saharan Arab Democratic Republic'.<sup>7</sup>

Nonetheless, Polisario's nationalism is not of a blind xenophobic stamp. The Front has frequently endorsed the Arab 'unionist' goals propounded by Qadhafi and before him by Nasser and the Baathists. In particular, Polisario aims to 'strengthen the tripartite, progressive front of the Saharawi, Algerian and Libyan revolutions, as a basic step towards the concretisation of the revolutionary alliance of the peoples of the Maghreb'.<sup>8</sup>

Polisario has affirmed its 'opposition to imperialism, colonialism and exploitation' and its commitment to 'national construction and socialism'. Its socialism, it claims, is inspired by Islamic rather than Marxist precepts. The Front advocates 'the suppression of all forms of exploitation', the 'just distribution of national resources and the suppression of disparities between the countryside and the towns', Arabisation of education and the provision of free medical care, free, universal, compulsory education, and adequate housing. Gravitating ambiguously between religious or cultural traditionalism and a reformist modernism, Polisario also advocates 'achieving women's political and social rights and encouraging their access to all fields, so that they may assume their responsibilities in national construction, in conformity with our national reality and religion'.<sup>9</sup>

### **Territorial Claims**

Upon Morocco's accession to independence in 1956, Allal el-Fassi, the leader of the Moroccan Istiqlal (Independence) Party, claimed that only parts of the

<sup>7</sup> *General Programme of National Action*, adopted by Fifth Congress of the Polisario Front, 12–16 October 1982.

<sup>8</sup> *Ibid.*

<sup>9</sup> *General National Programme*, adopted by Fourth Congress of the Polisario Front, 25–28 September 1978. The text is published in *20 Mai* (Polisario Front), No. 51, November 1978, pp 18–22.

historic Alawite empire had been freed. 'So long as Tangier is not liberated from its international statute, so long as the Spanish deserts of the south, the Sahara from Tindouf and Atar and the Algerian-Moroccan borderlands are not liberated from their trusteeship, our independence will remain incomplete and our first duty will be to carry on action to liberate the country and to unify it'.<sup>10</sup> The Istiqlal newspaper, *Al-Alam*, published a map of Greater Morocco on 7 July 1956, laying claim to a vast portion of the Algerian Sahara, the whole of Western Sahara and Mauritania, and even a corner of north-western Mali.

King Mohammed V could not afford to allow the main nationalist party to outstrip the monarchy in nationalist fervour during the delicate post-independence period when the monarchy was still consolidating its power. He also saw an opportunity to turn Allal el-Fassi's theses, which glorified the conquests of the more powerful of Morocco's pre-colonial sultans, to royal advantage. The Greater Morocco cause was embraced by the Moroccan government in 1957 and publicly endorsed by Mohammed V himself during a speech in the southern oasis town of M'hamid on 25 February 1958. Consequently, Morocco refused to recognise Mauritania when it achieved independence in 1960, and Morocco briefly went to war with Algeria in 1963 in pursuit of its claims to Tindouf and other parts of the Algerian Sahara.

A Mauritanian claim to Western Sahara was first staked by Mokhtar Ould Daddah on 1 July 1957, when he was vice-president of Mauritania's government council:

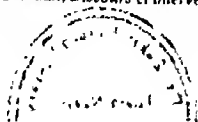
I cannot help evoking the innumerable ties which unite us: we bear the same names, we speak the same language, we conserve the same noble traditions, we honour the same religious leaders, graze our herds on the same pastures, give water to them at the same wells. In a word, we are referring to that same desert civilisation of which we are so justly proud. So I invite our brothers of Spanish Sahara to dream of this great economic and spiritual Mauritania.<sup>11</sup>

Above all, Ould Daddah (who became Mauritania's president upon independence in 1960) wanted to prevent Western Sahara falling into Moroccan hands—a grave security danger to Mauritania, in view of Morocco's claim to Mauritania, for it would have given Morocco 980 miles of common border with Mauritania, almost half of it within 30 miles of the strategic iron-ore railway from Zouerate to Nouadhibou upon which Mauritania was dependent (by the mid-1960s) for about 85 per cent of its export earnings.

Ironically, in view of their territorial claims, neither Morocco nor Mauritania gave significant support to anti-Spanish movements in Western Sahara. The Mauritanian government benefited from the colonial status quo, since it kept Morocco at arm's length. For his part, King Hassan II, who ascended the

<sup>10</sup> Speech of 27 March 1956, cited in Bertrand Fessard de Foucault, 'La question du Sahara espagnol (I)' in *Revue Française d'Etudes Politiques Africaines* 10 (119) 1975, p. 78. Tangier was transferred to Moroccan administration in October 1956.

<sup>11</sup> Mokhtar Ould Daddah, *Discours et interventions* (Nouakchott, 1966) p. 10.



The map displays the geographical layout of North Africa, highlighting the region of Western Sahara. Key features include:

- Legend:**
  - Claimed by Morocco:** Indicated by a thick black line.
  - International Boundaries:** Indicated by a dashed line.
  - Former French West Africa:** Indicated by a dotted line.
- Geographical Features:**
  - Oceans/Seas:** Atlantic Ocean to the west, Mediterranean Sea to the north.
  - Rivers:** Niger River flowing through Mali and Mauritania.
  - Coastal Features:** Cape Bojador, Cape Guir, Cape Verde.
- Cities and Towns:**
  - Morocco:** Tangier, Rabat, Casablanca, Marrakech, Fes, Meknes, Oujda, Algiers.
  - Algeria:** Algiers, Oran, Constantine, Annaba.
  - Mauritania:** Nouakchott, Tindouf, Fort Gouraud.
  - Mali:** Bamako, Gao, Timbuktu.
  - Senegal:** Dakar, St. Louis.
  - Spanish Sahara:** Laayoune, Dakhla.
- Coordinates:**
  - Latitude: 27°40' N, 26° N.
  - Longitude: 16° 00' W.

*Greater Morocco*  
(as claimed by the Istiqlal Party, 1956)

Moroccan throne in 1961, had no intention of allowing a new anti-Spanish guerrilla movement to operate from Moroccan territory—having disbanded the remnants of the Army of Liberation in southern Morocco in 1958–9 when he was Crown Prince and chief-of-staff of the FAR. He valued cordial relationships with General Franco, whom he met for three summit meetings in Spain in 1963, 1965, and 1969. Indeed, he was frequently criticised by the ultra-nationalist opposition parties in Morocco (in particular the Istiqlalians)

for down-playing the Moroccan claim to Western Sahara and collaborating with Spanish colonialism.

A group of Moroccan-based Saharawis did form a *Frente de Liberación del Sahara* (FLS), with the assistance of the Moroccan Ministry of Mauritanian and Saharan Affairs, in 1966. However, it was never active within Western Sahara and it faded away in 1969 when Hassan reached agreement with Spain on Ifni, dropped his claim to Mauritania and wound up the Ministry of Mauritanian and Saharan Affairs. Another Moroccan-based group, the *Mouvement de Résistance 'les Hommes Bleus'* (MOREHOB), which took its colourful name from the indigo-dyed Saharawi robe, the *draa*, was founded in 1972. However, its leader, Bashir Figuigui (Edouard Moha), switched base from Rabat to Algiers in March 1973. Deported from Algiers within a few months, he then settled in Europe, before returning to Morocco in 1975. Like the FLS, Figuigui's group was never active in Western Sahara.

While maintaining generally cordial relations with Spain, both Morocco and Mauritania tailored their policies on Western Sahara at the UN, from 1966 onwards, to accommodate the UN's standard decolonisation principles, in the hope, or expectation, that self-determination would lead to territorial integration. 'Instead of going purely and simply to claim the territory of the Sahara,' Hassan himself remarked in July 1970, 'I went (to Spain) to request specifically that a popular consultation take place there, assured as I was that the first result would be the departure of the non-Africans and that then one would leave it up to the people of the Sahara to choose whether to live under the Moroccan aegis or their own aegis or any other aegis'.<sup>12</sup>

In 1969, besides, Hassan initiated a détente with Algeria and Mauritania, to the chagrin of the ultra-nationalists of the Istiqlal Party. On 15 January 1969, a 20-year treaty was signed at Ifrane, committing Algeria and Morocco to 'submit all the questions in abeyance between them to bilateral commissions'.<sup>13</sup> On 27 May 1970, at a summit meeting in Tlemcen, Hassan and Boumedienne set up a joint commission to resolve their border dispute. Two years later, on 15 June 1972, Morocco recognised its *de facto* border with Algeria. The *rapprochement* with Algeria was accompanied by a belated recognition of Mauritania. Hassan broke the ice by inviting Ould Daddah to an Islamic summit conference in Rabat in September 1969 and then signed a treaty of friendship with Mauritania on 8 June 1970.

During this period of détente, the leaders of Morocco, Mauritania and Algeria held two tripartite summit meetings, in Nouadhibou on 14 September 1970, and in Agadir on 24 July 1973, at which they jointly endorsed the UN's

<sup>12</sup> Conférence de presse du Roi Hassan II, le 30 juillet 1970, in *Annuaire de l'Afrique du Nord* (CNRS, Paris), 1970, p 807.

<sup>13</sup> Traité de fraternité, de bon voisinage et de coopération conclu entre la République algérienne démocratique et populaire et le Royaume du Maroc, in *Journal Officiel de la République Algérienne Démocratique et Populaire* 8 (11) 1969, pp 82-4.

calls for self-determination in Western Sahara. At Agadir, for example, they affirmed:

... their unwavering attachment to the principle of self-determination and their concern to ensure that this principle was implemented in a framework which guaranteed that the will of the inhabitants of the Sahara was given free and genuine expression, in conformity with the United Nations decisions on this question.<sup>14</sup>

### **The Role of International Organisations, 1965-74**

The United Nations General Assembly adopted its first resolution on Western Sahara and Ifni, by 100 votes to two (Spain and Portugal), with four abstentions, in December 1965. This requested 'the Government of Spain, as the administering power, to take all necessary measures for the liberation of the Territories of Ifni and Spanish Sahara from colonial domination and, to this end, to enter into negotiations on problems relating to sovereignty presented by these two territories'.<sup>15</sup> The implication was that Spain should hold talks with Morocco about Ifni and with both Morocco and Mauritania about Western Sahara. However, it had become standard practice for the UN to organise or monitor elections or plebiscites in colonies where, on the eve of the colonial power's withdrawal, there was doubt about their inhabitants' real desires. While the population of Ifni clearly wished to join Morocco, the desires of the Western Saharans were unclear, if only because Morocco and Mauritania had rival claims. Accordingly, the UN General Assembly adopted a second resolution, by 105 votes to two, with nine abstentions, in December 1966, which distinguished the decolonisation procedures to be applied in Ifni and Western Sahara. While requesting Spain to negotiate with Morocco about the 'transfer of powers' in Ifni, the resolution proposed a referendum in Western Sahara. It requested Spain,

... to determine at the earliest possible date, in conformity with the aspirations of the indigenous people of Spanish Sahara and in consultation with the Governments of Mauritania and Morocco and any other interested party, the procedures for the holding of a referendum under United Nations auspices with a view to enabling the indigenous population of the Territory to exercise freely its right to self-determination.<sup>16</sup>

This referendum proposal was repeated in all six subsequent resolutions adopted by the General Assembly between 1967 and 1973, and the resolutions adopted in 1972 and 1973 went still further by explicitly recognising the Western Saharans' right to independence as well as self-determination.<sup>17</sup>

<sup>14</sup> Joint Communiqué Issued by the Governments of Algeria, Mauritania and Morocco, 24 July 1973, at Agadir, in UN Document A/10023/Rev 1, pp 126-7.

<sup>15</sup> Resolution 2072, 16 December 1965, in *General Assembly Official Records*, Twentieth Session, Supplement 14, UN Document A/6014, pp 59-60.

<sup>16</sup> Resolution 2229, 20 December 1966, *General Assembly Official Records*, Twenty-first Session, Supplement 16, UN Document A/6316, p 72.

<sup>17</sup> Resolution 2354, 19 December 1967, in *General Assembly Official Records*, Twenty-second Session, Supplement 16, UN Document A/6716, pp 53-4; Resolution 2428, 16 December 1968, *General Assembly Official Records*, Twenty-third Session, Supplement 18, UN Document

The Organisation of African Unity began endorsing the UN resolutions on Western Sahara in 1969. Thus, even at a session held in Rabat in June 1972, the OAU's Council of Ministers requested African states to:

... intensify their efforts *vis-à-vis* the Spanish Government to induce it to implement Resolution 2711 of the UN General Assembly and, in particular, its provisions relating to the holding, as soon as possible, of a referendum designed to enable the population of the Sahara under Spanish domination to freely exercise their right to self-determination, in accordance with the principles of the United Nations Charter, under the auspices and with the full guarantees of that international organisation.<sup>18</sup>

A similar position was taken by the OAU in 1973.<sup>19</sup> Likewise, the UN resolutions were endorsed by the fourth non-aligned summit conference, held in Algiers in September 1973, and by the fifth Islamic summit, held in Kuala Lumpur in June 1974.<sup>20</sup>

### Prelude to Crisis, 1974-5

#### Spain's plans for a Referendum

Western Sahara's future suddenly hung in the balance when the Spanish government at last deemed it wise under new circumstances (notably the April 1974 coup in Lisbon and the consequent decolonisation of Portugal's African empire) to lay the groundwork for Spain's withdrawal from the territory. In July 1974, the Madrid government unveiled a statute of autonomy, known as the *estatuto político*, under which the Djemaa was to be converted into a legislative assembly and a partially-Saharawi Governing Council was to assume executive powers. This period of internal self-government was intended to prepare the way for independence. On 20 August 1974, therefore, the Franco

A/7218, pp 63-4; Resolution 2591, 16 December 1969, *General Assembly Official Records*, Twenty-fourth Session, Supplement 30, UN Document A/7630, pp 73-4; Resolution 2711, 14 December 1970, *General Assembly Official Records*, Twenty-fifth Session, Supplement 28, UN Document A/8028, pp 100-1; Resolution 2983, 14 December 1972, *General Assembly Official Records*, Twenty-seventh Session, Supplement 30, UN Document A/8730, pp 84-5; and, Resolution 272, on the So-Called Spanish Sahara, OAU Council of Ministers, Nineteenth Session, Supplement 30, UN Document A/9030, pp 110-11.

<sup>18</sup> Resolution 272, on the So-Called Spanish Sahara, OAU Council of Ministers, Nineteenth Ordinary Session, Rabat, 5-19 June 1972.

<sup>19</sup> Resolution 301, on the Sahara under Spanish Domination, OAU Council of Ministers, Twenty-first Ordinary Session, Addis Ababa, 17-24 May 1973.

<sup>20</sup> The Algiers non-aligned summit reaffirmed the non-aligned movement's 'unshakeable attachment to the principle of self-determination and its concern to see it applied under conditions that would ensure to the inhabitants of the Sahara under Spanish domination the free and authentic expression of their will, in accordance with the relevant United Nations resolutions regarding their territory'. The fifth Islamic summit urged Western Sahara's neighbours 'to pursue their consultations, to unite and to intensify their efforts to obtain the application of Resolution number 3162 of the 28th General Assembly of the United Nations, notably regarding the arrangements for the organization as soon as possible of a referendum so as to allow the indigenous populations to express themselves in full freedom, in accordance with the Charter of the United Nations, under the auspices and guarantee of the international organization'.

regime announced that a referendum would finally be held under UN auspices during the first half of 1975. Meanwhile, at the end of 1974, the Spanish authorities helped to set up a moderate Saharawi political party, the *Partido de la Unión Nacional Saharaui* (PUNS), under the leadership of Khalihenna Ould Rashid, a 27-year-old Reguibi and Spanish-educated engineer, to counter Polisario's influence and lead the territory to independence in close association with Spain.

### **Hassan's Saharan Jihad**

In riposte to the unveiling of the *estatuto político*, Hassan warned on 8 July 1974, that 'we will not accept seeing a puppet state erected in any form in the southern part of our country' and appealed to his countrymen to make 1974 'a year of mobilisation at home and abroad to recover our territories'.<sup>21</sup> After soft-peddalling the Moroccan claim to Western Sahara for more than a decade, the king was now determined to thwart Franco's internal autonomy plan, which he rightly saw as a prelude to independence, and force Spain to negotiate the territory's cession to Morocco. By launching a patriotic crusade to recover the 'Moroccan Sahara', he aroused enormous enthusiasm among the Moroccan masses. Riding on a tide of patriotism, he successfully out-manoeuvred the Moroccan opposition parties (which tail-ended his Saharan campaign) and re-stabilised his regime, which had been rocked by crises—among them two abortive coup attempts—in the early 1970s.

On 20 August 1974, Hassan warned that, if the UN held a referendum on independence, 'it is evident that not only will Morocco reject it but it will be the first time that it disavows a decision emanating from the United Nations Organisation'. The king added a threat: 'Morocco prefers to take a diplomatic, political and peaceful path, instead of resorting to no matter what other means; however, if Morocco ascertains that this path will not lead to the recovery of its territories, it will certainly not hesitate to find these other means'.<sup>22</sup> 20,000 troops were massed in southern Morocco, near the Western Saharan border, under the command of Colonel Ahmed Dlimi, the director of Hassan's *aides-de-camp* and of the secret police, the DGED.

In order to block the rapidly approaching referendum, Hassan successfully persuaded the UN in December 1974 to urge Spain to postpone it while the Saharan dispute was examined by the International Court of Justice at The Hague. In the meantime, the king tackled the embarrassing problem of Mauritania's counterclaim by striking a secret deal with Ould Daddah at an Arab League summit in October 1974 by which Western Sahara would be partitioned.

To maximise its pressure on Spain, the Moroccan government began

<sup>21</sup> *Discours de S M Hassan II, 3 mars 1974–3 mars 1975*, Rabat: Ministère d'Etat chargé de l'information, 1975, pp 61, 63.

<sup>22</sup> *Ibid*, pp 65–6.



harassing Spanish fishing boats off the Moroccan coast, revived previously dormant claims to the Spanish enclaves of Ceuta and Melilla on Morocco's Mediterranean coast, and in February 1975 set up a pro-Moroccan Saharawi guerrilla movement, the *Frente de Liberación y de la Unidad* (FLU), composed primarily of Saharawi soldiers from the FAR. It began cross-border attacks the following May.

#### Spain's Vacillations

Buffeted by contradictory pressures, Spanish policy vacillated, without clear direction. Under Moroccan pressure, Spain shelved and then abandoned the *estatuto político*. The referendum was postponed and ultimately never held. As the Spanish commitment to self-determination wilted and the Moroccan threat loomed, the PUNS was discredited. Its leader fled to Morocco in May 1975, when Polisario emerged as the dominant party during the visit of the UN mission of inquiry. As the PUNS disintegrated, the Spanish government briefly flirted with the idea of handing power to Polisario. The Front stopped its guerrilla attacks in June; and Spain and Polisario exchanged prisoners in August–October. On 9 September, the Spanish Foreign Minister, Pedro Cortina y Mauri, secretly met El-Ouali to discuss the transfer of powers.

The publication of the International Court of Justice's advisory opinion on Western Sahara, on 16 October 1975, finally brought the crisis to a head.

#### The Advisory Opinion of the International Court of Justice

Departing, under Moroccan pressure, from its traditional policy on Western Sahara, the UN General Assembly adopted a resolution in December 1974 requesting Spain to postpone its plans for a referendum until the ICJ had given an advisory opinion on the following questions:

- I. Was Western Sahara (Río de Oro and Sakiet El Hamra) at the time of colonization by Spain a territory belonging to no one (*terra nullius*)?  
If the answer to the first question is in the negative,
- II. What were the legal ties between this territory and the Kingdom of Morocco and the Mauritanian entity?<sup>22</sup>

The relevance of such historical-legal questions to the contemporary problem of Western Sahara's decolonisation was dubious, to say the least. The implication was that the territory's pre-colonial legal status, rather than the will of its inhabitants, should determine its future. After 27 sessions in The Hague in June–July 1975, at which the governments of Spain, Morocco, Mauritania and Algeria (but not Polisario) were represented, the ICJ decided unanimously that Western Sahara had not been *terra nullius* before Spanish colonisation began in 1884. Western Sahara 'was inhabited by peoples which, if nomadic, were socially and politically organized in tribes and under chiefs competent to

<sup>22</sup> International Court of Justice, *Western Sahara: advisory opinion of 16 October 1975*, The Hague: ICJ, 1975, p 37

represent them'.<sup>24</sup> With respect to Morocco's pre-colonial relations with these tribes, the court was of the opinion (by 14 votes to two) that:

The inferences to be drawn from the information before the Court concerning internal acts of Moroccan sovereignty and from that concerning international acts are ... in accord in not providing indications of the existence, at the relevant period, of any legal tie of territorial sovereignty between Western Sahara and the Moroccan state. At the same time, they are in accord in providing indications of a legal tie of allegiance between the Sultan and some, though only some, of the tribes of the territory, and in providing indications of some display of the Sultan's authority or influence with respect to those tribes.<sup>25</sup>

By 15 votes to one, the judges found that:

... at the time of colonization by Spain there did not exist between the territory of Western Sahara and the Mauritanian entity any tie of sovereignty, or of allegiance of tribes, or of 'simple inclusion' in the same legal entity.<sup>26</sup>

There were merely legal ties relating to such matters as migration routes, the use of wells, and the settlement of disputes. The Court concluded, therefore, that:

... the materials and information presented to it do not establish any tie of territorial sovereignty between the territory of Western Sahara and the Kingdom of Morocco or the Mauritanian entity. Thus the Court has not found legal ties of such a nature as might affect the application of resolution 1514 (XV) in the decolonization of Western Sahara and, in particular, of the principle of self-determination through the free and genuine expression of the will of the peoples of the Territory.<sup>27</sup>

## **The Territory's Cession and Partition**

### **The Green March**

Within hours of the publication of the ICJ's advisory opinion, King Hassan announced that 350,000 Moroccan volunteers would march, *Quran* in hand, across the Western Saharan border to assert Morocco's territorial claim. Named after the holy colour of Islam, the Green March was a political masterstroke. It precipitated events before the UN had time to consider the ICJ's conclusions. It brought enormous pressure to bear on Spain, and in Morocco it captured the imagination of the king's subjects and gave a new fillip to his regained prestige.

In Western Sahara, the march was denounced by Polisario, the Djemaa and the remnants of the PUNS (which finally collapsed in November). The Spanish government protested to the UN Security Council. However, the challenge could not have come at a worse time for Madrid. On 17 October, General Franco, who was then 82, entered his long, final illness. His premier, Carlos

<sup>24</sup> *Ibid*, p 39.

<sup>25</sup> *Ibid*, pp 56-7.

<sup>26</sup> *Ibid*, p 64.

<sup>27</sup> *Ibid*, p 68.

Arias Navarro, and most of his ministers—as well as the heir to the Spanish throne, Juan Carlos de Borbón, who became acting head of state on 30 October—were determined to avoid a military confrontation with Morocco while they grappled with the delicate task of steering Spain towards a new post-Francoist order. Negotiations, therefore, started with Morocco on 21 October. The Green Marchers poured into Tarfaya to await the D-Day for their frontier crossing, while Spanish civilians were hastily evacuated from Western Sahara. Spanish troops were pulled back to a few strategic points on or near the coast, and the Spanish army made no attempt to intercept Moroccan forces which began moving into remote parts of Saguia el-Hamra on 31 October. On 1 November, the president of the Djemaa, Khatri Ould Saïd Ould el-Joumani, judged it opportune to switch his allegiance from Spain to Morocco and so flew to Agadir.

Alarmed by Morocco's resurgent irredentism, the Algerian government had begun assisting Polisario at the beginning of 1975. As the Spanish-Moroccan talks continued in October–November (and were widened to include Mauritania), Algeria protested to Spain. The UN Secretary-General, Kurt Waldheim, proposed a temporary UN administration in Western Sahara. However, these *démarches* failed to stop Spain reaching an agreement with Morocco and Mauritania. When Hassan finally ordered his Green Marchers across the Western Saharan border on 6 November, he was commencing a scenario already arranged with the Spanish to save face on both sides. Spain had promised not to interfere with the marchers as long as they proceeded no further than a 'dissuasion line', about 8 miles from the border, to which Spanish troops had already pulled back. Just three days after the border crossing, Hassan ordered the marchers home because they had 'achieved what we ourselves and our friends expected' of the march.<sup>28</sup>

### The Madrid Accords

Negotiations resumed in Madrid on 12 November and culminated two days later in a tripartite agreement between Spain, Morocco, and Mauritania. The accords were kept secret, apart from a brief 'declaration of principles'. This stated that Spain would 'proceed forthwith to institute a temporary administration in the Territory, in which Morocco and Mauritania will participate in collaboration with the Djemaa', that Spain would finally withdraw from Western Sahara by the end of February 1976 and that 'the views of the Saharan population, expressed through the Djemaa, would be respected'.<sup>29</sup> In effect, Spain agreed to hand Western Sahara over to Morocco and Mauritania. Both

<sup>28</sup> *Discours de S M Hassan II, La lutte pour le parachèvement de l'intégrité territoriale*, Rabat: Ministère d'Etat chargé de l'information, 1975, p 35.

<sup>29</sup> Declaration of Principles on Western Sahara by Spain, Morocco and Mauritania, Annex III to UN Document S/11880, 19 November 1975, in *Security Council Official Records, Thirtieth Year*, Supplement for October, November, and December 1975, p 41.

countries were allowed to send thousands of troops into the country, while Spain withdrew its troops. The Djemaa was not a properly representative body, and no mention was made of the referendum which Spain had previously planned.

In return for ceding Western Sahara, the Spanish government won a new respite for Ceuta and Melilla, secured guarantees for Spanish fishing interests off the Moroccan and Saharan coasts and retained a 35 per cent stake in Fosbucraa and compensation for the other 65 per cent, which went to Morocco. Franco died six days after the accords, on 20 November 1975.

On 25 November, Hassan declared that the Western Sahara dossier was closed. However, he had made two vital miscalculations. He had underestimated the Saharawis' determination to resist annexation and Algeria's resolve to help them thwart it.

### **The Transitional Administration**

The new tripartite government took office in El-Ayoun within a fortnight of the Madrid Accords. By mid-January 1976, the last Spanish troops had been evacuated to the Canaries, leaving the main towns in Moroccan or Mauritanian hands. A few Spanish administrative officials remained until the end of February. Many of the smaller settlements, however, were occupied by Polisario forces for several months before being seized by Moroccan or Mauritanian troops, sometimes after heavy fighting. Meanwhile, there began an exodus of refugees to south-western Algeria.

The members of the Djemaa proved far less pliant than the signatories of the Madrid Accords had anticipated. At an extraordinary session held under Polisario auspices at Guelta Zemmour, near the Mauritanian border, on 28 November, 67 of the Djemaa's 102 members proclaimed the assembly's dissolution and their 'unconditional support from the *Frente Polisario*, the sole and legitimate representative of the Saharan people', and set up a 41-member Provisional Saharawi National Council, modelled on the Ait Arbain of old. Morocco and Mauritania did, however, finally persuade 57 members of the Djemaa to attend a rump session of the assembly in El-Ayoun on 26 February 1976, and vote unanimously to give 'full approval' to Western Sahara's 'reintegration with Morocco and Mauritania'.<sup>80</sup> Spain officially ended its 91-year period of colonial rule the same day.

### **The UN's Reaction**

The UN had been powerless to prevent the Madrid Accords. A month later, on 10 December 1975, the General Assembly confusingly adopted two rival resolutions on Western Sahara. The first, Resolution 3458A, which was adopted by 88 votes to none with 41 abstentions, repeated the traditional UN

<sup>80</sup> *Les provinces marocaines du Sud*, Rabat: Ministère de l'information, Undated, p 40.

stance by requesting Spain, then heading the transitional administration, 'to take immediately all necessary measures, in consultation with all the parties concerned and interested, so that all Saharans originating in the territory may exercise their inalienable right to self-determination'.<sup>81</sup> The other (3458B), which 'took note' of the Madrid Accords, was backed by Morocco but only narrowly passed through the General Assembly by 36 votes to 42, with 34 abstentions. However, since both resolutions upheld the principle of self-determination and mandated the UN to play a role in its implementation, Waldheim dispatched Sweden's UN ambassador, Olof Rydbeck, to Western Sahara to examine how the UN could proceed. Touring the territory from 7-12 February 1976, Rydbeck was so struck by the scale of the Moroccan military presence, the repressive political atmosphere, the developing guerrilla war and the exodus of refugees that he advised Waldheim that a genuine consultation of Saharawi opinion had become impossible. Waldheim therefore rejected Moroccan and Mauritanian requests to send a UN observer to the 26 February meeting of the Djemaa, since the 'essential conditions' for the exercise of self-determination had 'not been fulfilled'.<sup>82</sup>

#### The Partition

Western Sahara was formally partitioned by Morocco and Mauritania six weeks later, on 14 April 1976. Morocco got the lion's share of the division—two-thirds of the territory, including the phosphate deposits at Bou-Craa and the two main towns, El-Ayoun and Smara. Mauritania received a virtually resourceless slab of desert in the far south, though it did include the third main town, Villa Cisneros, which reverted to the Arabic name of Dakhla.

#### The Refugees

On 7 January 1976, the International Committee of the Red Cross announced that 40,000 Saharawis had fled their homes. Half had reached Algeria and the rest were hiding in remote parts of Western Sahara. The Saharawi neighbourhoods in the capital had started to look like ghost towns. In October 1976, the Algerian government informed the United Nations Commissioner for Refugees (UNHCR) that 50,000 Western Saharans had taken refuge on its territory and were living in scattered camps in the Tindouf region. More refugees came from the Saharawi regions of southern Morocco and northern Mauritania, and by 1983 there were an estimated 100,000 Saharawis living in the Tindouf region, in about 22 camps.

After an initial period of great hardship (almost 1,000 children died during a measles epidemic in 1976), conditions in the camps gradually improved. Administered by Polisario, but supplied by the Algerian Red Crescent, they

<sup>81</sup> Resolution 3458A, in *Yearbook of the United Nations* (28) 1975, pp 189-90.

<sup>82</sup> Cited in Report of the Special Committee, *General Assembly Official Records*, Thirty-first Session, Supplement 23, UN Document A/31/23/Rev.1, Vol II, p 216.

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are superbly organised. Each camp is governed by a 'people's council', which coordinates the work of specialised committees for food distribution, education, health, crafts and justice. Clinics, a hospital, schools and vegetable gardens have been established, despite the huge logistical and climatic obstacles faced in a desert region 1,200 miles from Algiers.

### **The Saharan Arab Democratic Republic**

The Saharan Arab Democratic Republic (SADR) was proclaimed by the Provisional Saharawi National Council on 27 February 1976, to fill the juridical vacuum left by the formal termination of Spanish rule the day before.

The new republic's first Council of Ministers was appointed a week later, 4 March 1976. Its premier was Mohammed Lamine Ould Ahmed, a member of a small 'sharifian' tribe, the Taoubalt, who had been born in the late 1940s and had studied with El-Ouali at Mohammed V University. He remained Prime Minister until October 1982, when he was succeeded by another Polisari veteran, Mahfoud Ali Beiba, a Saharawi of Izarguen ancestry, born in about 1953, who had been educated in Western Saharan schools.

### **Council of Ministers of the SADR** (31 October 1982)

#### **Prime Minister and Minister of**

**Education and Culture**

**Mahfoud Ali Beiba**

#### **Ministers**

**Defence**

**Ibrahim Ghali Ould Mustapha**

**Education**

**Mohammed Lamine Ould Ahmed**

**Interior**

**Abdel Kader Taleb Omar**

**Foreign Affairs**

**Ibrahim Hakim**

**Justice**

**M'hammed Ould Ziou**

#### **Secretaries of State**

**Trade**

**El-Kenti Ould Jouda**

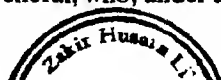
**Health**

**Nema Ould Joumani**

#### **Secretary-General of the Presidency**

**Mohammed Ould Sidati**

The state's leading bodies tend to overlap, in function and composition, with those of Polisario itself. The SADR's constitution, which was adopted by the third congress, in August 1976, established, for example, that the state supreme legislative and executive body, the Council for the Command of the Revolution (CCR), would be performed transitionally by the Front's executive committee 'until the holding of the first General People's Congress after the recovery of sovereignty'. The CCR, which 'lays down the general policy of the state', is headed by the Front's Secretary-General, who, under a constitution,



amendment adopted at the fifth congress, is 'head of state of the SADR'.<sup>22</sup> The Council of Ministers is subordinate to the CCR; and the SADR's 'parliament', the Saharawi National Council, has a purely consultative role.

By 1983, the SADR had been recognised by 54 foreign states. Though all were from the Third World and 27 were African, they represented a notably broad ideological spectrum.

### Countries Recognising the SADR

(with dates of recognition)

#### Africa

(27 countries)

Algeria (1976)	Mali (1980)
Angola (1976)	Mauritius (1982)
Benin (1976)	Mozambique (1976)
Botswana (1980)	Rwanda (1976)
Burundi (1976)	São Tomé and Príncipe (1978)
Cape Verde (1979)	Seychelles (1977)
Chad (1980)	Sierra Leone (1980)
Congo (1978)	Swaziland (1980)
Ethiopia (1979)	Tanzania (1978)
Ghana (1979)	Togo (1976)
Guinea-Bissau (1976)	Uganda (1979)
Lesotho (1979)	Zambia (1979)
Libya (1980)	Zimbabwe (1980)
Madagascar (1976)	

#### Asia

(8 countries)

Afghanistan (1979)	North Korea (1976)
Iran (1980)	South Yemen (1978)
Kampuchea (1979)	Syria (1980)
Laos (1979)	Vietnam (1979)

#### Latin America and Caribbean

(13 countries)

Bolivia (1982)	Mexico (1979)
Costa Rica (1980)	Nicaragua (1979)
Cuba (1980)	Panama (1979)
Dominica (1979)	St Lucia (1979)

<sup>22</sup> For the full text of the SADR's constitution, see Tony Hodges, *Historical Dictionary of Western Sahara*, Metuchen, New Jersey: Scarecrow Press, 1982, pp 307-9.

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Grenada (1979)

Guyana (1979)

Jamaica (1979)

Surinam (1982)

Venezuela (1982)

### Oceania

(6 countries)

Kiribati (1981)

Nauru (1981)

Papua New Guinea (1981)

Solomon Islands (1981)

Tuvalu (1981)

Vanuatu (1980)

## The War Between Polisario and Mauritania

By joining Hassan in the occupation and division of Western Sahara, Mokhtar Ould Daddah plunged Mauritania into a war that proved unpopular among his people, militarily unwinnable and calamitous for his country's fragile economy.

### The 'Weak Link'

Polisario singled out Mauritania, the weaker of its two enemies, for the main focus of its attacks in 1976–8. The guerrillas' first objective was to knock Mauritania out of the war and so destroy the Moroccan-Mauritanian alliance.

Mauritania's small army, which was rapidly built up from about 3,000 to 20,000 men, not only had to defend scattered settlements and outposts in the Mauritanian-annexed zone of Western Sahara, known then as Tiris el-Gharbia, but also had to resist Polisario guerrillas raiding deep into Mauritania itself, a virtually unpoliceable territory of 400,000 square miles. In its modern, motorised form, the *ghazzi* was to prove devastatingly effective. On two occasions (June 1976 and July 1977), Polisario *kataeb* (units) succeeded in reaching the outskirts of the Mauritanian capital, Nouakchott, and shelling the presidential palace. Even more alarming for Ould Daddah, however, were Polisario's attempts to bring the Zouerate iron-mining industry to a halt. On 1 May 1977, a guerrilla group stormed into Zouerate and kidnapped six French expatriates. Meanwhile, there were frequent attacks on the 657-km railway from the mines to the Atlantic port of Nouadhibou. Two more Frenchmen were seized in a raid on the railway on 25 October 1977.

### Operation Lamantin

In a desperate attempt to bolster his defences, Ould Daddah turned to Morocco and France for help. On 13 May 1977, he signed a defence pact with Morocco under which 9,000 Moroccan troops arrived in Mauritania and Tiris el-Gharbia over the following year. A Franco-Mauritanian military agreement had already been signed in September 1976 and widened in scope in January 1977 to allow French military personnel of all categories to be sent to Mauritania. After the seizure of French expatriates during 1977, French military involvement in the conflict escalated. In an operation codenamed 'Lamantin', Jaguars of the French air force bombed guerrillas in northern



Mauritania in December 1977. The French prisoners were released on 23 December, but new French air-strikes followed in April 1978.

### The Downfall of Mokhtar Ould Daddah

The Jaguars inflicted setbacks on the guerrillas. However, they did not stop Polisario's Mauritanian offensive. Sabotage attacks on the vital Zouerate-Nouadhibou railway continued, and the Mauritanian economy slid into an almost unmanageable crisis. To the costs of the war were added devastating droughts and a dramatic deterioration in the terms of trade due to spiralling oil prices and a slump in world demand for iron. The balance of payments lurched heavily into deficit, and by April 1978 the total public external debt had climbed to \$711 million, equivalent to over 170 per cent of the country's GNP.

Furthermore, the war seemed fratricidal to many of Mauritania's Moors, while the country's black African minorities regarded the conflict as an inter-Arab affair that was completely foreign to their own concerns. As the economic crisis drifted almost beyond control in 1977-8, the country's technocratic elite, in business and government alike, recognised that peace was a precondition for recovery. The army officers, meanwhile, were dismayed by their units' losses and humiliated by the ever-larger Moroccan troop presence.

During the night of 9-10 July 1978, the armed forces seized power in Nouakchott and set up a *Comité Militaire de Redressement National* (CMRN) to 'save the country from ruin and dismemberment'.<sup>24</sup> Two days later, Polisario announced a 'temporary halt in military operations in Mauritanian territory' as a 'gesture of goodwill' to the new regime.<sup>25</sup>

### The Algiers Agreement

The Mauritanian army's road to peace was not an easy one, however. Fearful of how Hassan might react to a bilateral agreement with Polisario, the military regime tried at first to bring both Morocco and Polisario into a global peace agreement—under which Mauritania would give up Tiris el-Gharbia to Polisario but Morocco would keep its share of Western Sahara. This 'mini-state' plan satisfied neither Morocco nor Polisario. Meanwhile, economic conditions in Mauritania remained precarious and factional strife within the CMRN led to its displacement by a new *Comité Militaire de Salut National* (CMSN) in April 1979. Irritated by the military regime's hesitation to abandon Tiris el-Gharbia unilaterally, Polisario lifted its ceasefire on 12 July 1979, and attacked the village of Tichla in Tiris el-Gharbia, capturing its Mauritanian prefect. This immediately halted the CMSN's prevarications. To Morocco's consternation, the CMSN signed a peace agreement in Algiers on 5 August. 'The Islamic Republic of Mauritania,' it stated, 'solemnly declares that it does not have and will not have territorial or any other claims over Western Sahara' and 'decides to withdraw from the unjust war in Western Sahara'. In a secret

<sup>24</sup> *Le Matin* (Paris) 11 July 1978.

<sup>25</sup> *Le Monde* (Paris) 14 July 1978.

addendum, the CMSN undertook to 'put an end to its presence in Western Sahara and to hand over directly to the Polisario Front the part of the Western Sahara that it controls within seven months from the date of signing of the present agreement'.<sup>22</sup>

#### **The Moroccan annexation of Tiris el-Gharbia**

The secret addendum to the Algiers Agreement could not be implemented. Though the Moroccan troops in Mauritania were gradually withdrawn, Moroccan forces seized control of Dakhla and on 14 August Tiris el-Gharbia was proclaimed a Moroccan province under the name of Oued ed-Dahab (Arabic for Río de Oro). Mauritanian forces were evacuated immediately, except from the small settlement of La Guera, near Nouadhibou, on the Cape Blanc peninsula, which remains in Mauritanian hands to the present day. Relations between Morocco and Mauritania have been fraught ever since 1979. Morocco has frequently accused the CMSN of allowing Polisario forces to cross its territory, while the CMSN has accused Morocco of harbouring Mauritanian exiles and aiding an abortive coup in March 1980.

### **The War Between Polisario and Morocco**

By April 1976, the FAR had established garrisons in most of the small outlying settlements of the Moroccan zone, as well as securing a firm hold over the towns. Three provinces were set up in the Moroccan sector in April 1976, with capitals at El-Ayoun, Smara and Boujdour, and a fourth was established in Oued ed-Dahab, with a capital at Dakhla, in August 1979.

However, the FAR could not hope to patrol the whole of the desert hinterland effectively. There, Polisario *kataeb* established a network of hide-outs, to supplement their rear bases in Algeria. Moroccan convoys were ambushed and hit-and-run raids were staged against Moroccan-held outposts and towns, including El-Ayoun on occasion. Mining at Bou-Craa ground to a halt early in 1976. The Moroccan troops, peasants from the Atlas and Rif ranges or urban conscripts for the most part, were not accustomed to the harsh Saharan climate, resented having to endure months or years in trenches in the desert, and did not know the terrain in the manner of their elusive enemy. Lacking the guerrillas' *panache*, they resorted to fighting a passive, defensive war, to hold fixed positions.

Morocco's military difficulties took a sharp turn for the worse after the July 1978 coup in Mauritania, which allowed the guerrillas to focus undivided attention on the Moroccan forces. Polisario began raiding into southern Morocco, as it had earlier into Mauritania. Moreover, Algeria's support for the Saharawi nationalists did not falter after President Boumedienne's death in

<sup>22</sup> *Sahara Libre*, No. 88, 22 August 1979.

December 1978. Indeed, the guerrillas won some of their greatest victories during a campaign in 1979-80 named in his honour—the 'Houari Boumedienne Offensive'. For the first time in the course of the war, major Moroccan-held towns and bases were assaulted and their defences breached. On 28 January 1979, for example, a large guerrilla force fought its way into the centre of Tan-Tan, a provincial capital with a garrison of several thousand troops and an air-base in southern Morocco. On 11 August 1979, the Moroccan positions at Bir Enzaren, 150 miles east of Dakhla, were partially overrun. The most devastating setback for the FAR came on 24 August 1979, when a base at Lebouirate, in southern Morocco, fell to the guerrillas. On 6 October 1979, several thousand guerrillas successfully broke through Smara's defence lines and evacuated 700 local residents to Algeria; and on 14 October Polisario seized Mahbes, a base in the extreme north-east of Saguia el-Hamra, killing a fifth of its defendants. Some Polisario raids were staged as far north as the Bani mountains and the south-easterly slopes of the Anti-Atlas, while other attacks were staged by guerrillas using pneumatic launches against fishing boats off the Western Saharan coast.

As the challenge from Polisario grew increasingly serious, the FAR began to abandon many of the smaller, more remote outposts they had occupied in 1975-6. A gradual process of retrenchment began, and the defences of the more important towns were heavily reinforced. Thousands of fresh troops were sent south to Western Sahara, and—on Hassan's own admission—there were 80,000 Moroccan troops there by January 1983.<sup>37</sup> Overall, the FAR trebled in size during the course of the war, reaching 200,000 men by 1983.<sup>38</sup>

### The 'Wall'

One strategic objective was to drive the guerrillas out of southern Morocco, beyond the Ouarkiz range, which could act as a defensive barrier. A first attempt, codenamed Operation Iman (The Faith), in March 1980, was a dismal failure. A force, 7,000 strong, was routed. However, an even larger Moroccan force did finally gain control of this region the following May. Then, in August 1980, Moroccan troops secured a strategic pass through the Zini mountains, to the south-west of the Ouarkiz, near the Western Saharan border. From there, they started to build a continuous defence line southwards to Smara, 60 miles away, and then, via Bou-Craa, in a south-westerly arc to the Atlantic, in order to seal off the whole north-western corner of Western Sahara, the region—known as the 'useful triangle'—with the territory's two main towns (El-Ayoun and Smara) and the Bou-Craa phosphates. By March 1981, this 'wall' had reached Smara. By mid-May 1981, it had been extended to Bou-Craa, and by May 1982 it had reached the Atlantic, to the south of Boujdour. About 250 miles long, this continuous defence perimeter consists of

<sup>37</sup> Interview with French journalists in Marrakesh, 23 January 1983 (*Le Monde*, 26 January 1983).

<sup>38</sup> *Le Monde*, 28 January 1983.

sandbanks, about 2-3 yards high, minefields and barbed wire, intermittent artillery placements and observation posts, underground quarters for its defendants, and electronic ground sensors and radar equipment to detect guerrilla vehicles. All told, it seals off about 17,000 square miles, roughly one-sixth of the territory's total land area. Beyond this zone, however, the FAR still controls only one other, heavily-fortified enclave, a few hundred square miles in area, around Dakhla and Argoub, on the Río de Oro bay.

The rest of the territory has been totally abandoned. Indeed, the last two Moroccan-held posts beyond these enclaves, Guelta Zemmour and Bir Enzaren, were abandoned in November 1981, after a devastating Polisario attack on Guelta Zemmour the previous October, during which its 2,600-strong Moroccan garrison suffered serious losses, and five Moroccan aircraft were shot down in the space of ten days—by ramp-launched SAM missiles, according to the distraught Moroccan government, which turned to the US for increased military aid.

The abandonment of five-sixths of the territory might not, from one perspective, seem a great loss to the Moroccan regime. The useful sixth, with the phosphates and the main population centres, remains in Moroccan hands. In fact, the wall's completion allowed Fosbucraa to announce plans to resume phosphate mining in July 1982. However, the wall may not ultimately solve Morocco's Saharan predicament. 80,000 Moroccan troops have to stay in the desert, on permanent guard in their trenches, in readiness for harassment raids or an eventual attempt by the guerrillas to pierce the wall's defences once they have acquired (from Algeria or Libya) and 'digested' the sophisticated, powerful weaponry they need to do so. Polisario's leaders may not expect to win a purely military victory in any case. Rather, they may be engaging deliberately in a war of attrition, with the aim of bleeding the Hassan regime militarily, diplomatically and—above all—financially.

### **The Cost of the War to Morocco**

King Hassan's real problem is that the Saharan war is compounding a grave economic crisis, caused by multiple factors, among them slack demand for Morocco's vital phosphate exports, a huge increase in the country's oil import bill, grave agricultural failings, and EEC protectionism. By 1980, the US Embassy in Rabat was reporting claims by 'knowledgeable government financial experts' that 'Morocco's defense related expenditure actually diverts no less than 40 per cent of the consolidated national budget'.<sup>39</sup> The country's public external debt rose from \$1.7 bn in 1975 to \$9.3 bn in 1982 while exports that year (12.5 bn dirhams) covered less than half of imports (26.0 bn dirhams).

<sup>39</sup> Cited in *Arms Sales and the Conflict in the Western Sahara: an Assessment of US Policy*. Hearing before the Subcommittees on International Security and Scientific Affairs and on Africa of the Committee on Foreign Affairs, House of Representatives, Ninety-seventh Congress, First Session, 25 March 1981. Washington DC: US Government Printing Office, 1981, p 43.

By 1981, moreover, over 30 per cent of export earnings were being required to service the external debt. Public finances came under acute strain too: by 1981 the overall treasury deficit had soared above \$2bn.

The economic crisis—and a severe drought in 1980–1—widened Morocco's already glaring social inequalities. The poorest peasants were ruined and so the rural exodus to the cities gathered pace. By 1981, 44 per cent of Moroccans were living in the towns, many in acute poverty in swollen slums and shanty-towns. Discontent exploded into bloody rioting in Casablanca, the largest city, in June 1981, when the government raised the prices of subsidised foods. An estimated 600 people were killed.

Despite the economic crisis and political tension at home, Hassan remains fearful of withdrawing from Western Sahara. Although the Saharan euphoria of Green March days has long since dissipated, popular reaction to a retreat might not be as highly charged as that to domestic price increases, it would bring accusations of national betrayal from the ultra-nationalist parties—the Istiqlal Party, which is presently in the government, and the two largest opposition groups, the *Union Socialiste des Forces Populaires* (USFP) and the *Parti du Progrès et du Socialisme* (PPS). Above all, however, the king fears that, to abandon the 'Moroccan Sahara', after years of gruelling war, would amount to admitting a failure of such proportions that his credibility as a ruler would be shattered. He has staked too much on his Saharan crusade to be able to withdraw without a drastic loss of face. Worse still, a withdrawal might tempt the army, bitter after its desert trauma, to seek revenge on the Palace. Thus, despite (ambiguously) dropping his erstwhile opposition to a referendum in 1981, to appease the OAU, Hassan has not been prepared to allow a genuinely democratic plebiscite that, in all probability, would lead to independence. 'We are prepared to pursue the war for centuries if that is necessary, because the Sahara is Moroccan and can only be Moroccan', he declared on 6 November 1982.<sup>40</sup> More recently, on 7 July 1983, he made a mockery of the very purpose of a referendum, by declaring that, whatever its outcome, he would never give up Western Sahara 'on a golden platter to a rabble of mercenaries'.<sup>41</sup>

To date, Hassan has kept up the struggle in the Sahara in the hope that the Algerian government will eventually tire of the regional tension and force the guerrillas to accept a settlement on Moroccan terms. However, Algeria has not diminished its support for Polisario, despite a summit meeting between President Chadli Benjedid and King Hassan (the first such Algerian-Moroccan summit since the start of the war) on 26 February 1983, in the Algerian border village of Akid Lotfi. 'I was very clear about Algeria's position concerning the question of Western Sahara,' Chadli confided the following June about this encounter. 'I explained to the Moroccan king that I was not mandated to speak in the name of the Saharawis and that I would not arrogate to myself the right to

<sup>40</sup> AFP, Rabat, 7 November 1982.

<sup>41</sup> *International Herald Tribune* (Paris) 12 July 1983.

‘speak in their name or assume their tutelage’. What Algeria was prepared to do, Chadli said, was ‘to contribute to a reconciliation of the viewpoints of the two parties in conflict in Western Sahara’, in the same way that Algeria had helped to bring Polisario and Mauritania together in 1979.<sup>43</sup>

Hassan, however, has adamantly refused to negotiate with Polisario, even about the procedures for a referendum, and so Algeria has continued to give logistical support to the guerrillas. In the late summer of 1983, Polisario was stepping up its attacks on the Moroccan positions along the ‘wall’ and in the Ouarkiz mountains. As the war entered its ninth year, Hassan seemed condemned to a war of attrition which his country is poorly placed to sustain. Indeed, the rumours of a military coup plot which circulated in Morocco when the commander of the Moroccan forces in the Sahara, General Ahmed Dlimi, died in mysterious circumstances in Marrakesh on 25 January 1983, suggest that the continuation of the conflict, amidst a deteriorating economic climate at home, could put the king’s throne as much at risk as the humiliation of a withdrawal from the Sahara.

### The OAU and the UN, 1976–83

#### The OAU

The annexation of Western Sahara transgressed two of the OAU’s most hallowed principles—the right of colonial peoples to self-determination and the sanctity of the albeit artificial frontiers inherited from the European powers. However, some African governments have withheld support for Polisario, for fear of displeasing Western allies, weakening King Hassan or allowing an inter-African dispute to divide the OAU. At its summit meetings in Mauritius in 1976 and in Libreville in 1977, therefore, the OAU shelved taking a substantive position on Western Sahara by referring the problem to an extraordinary summit—which was never held. By the time of the July 1978 coup in Nouakchott, however, the conflict could no longer be ignored. An *ad hoc* committee of five African heads of state, known thereafter as the ‘Wise Men’, was set up at the July 1978 summit in Khartoum with a brief to consider ‘all the data on the question of Western Sahara, among which, the exercise of the right of the people of this territory to self-determination’.<sup>44</sup> A year later, in July 1979, the OAU summit in Monrovia endorsed the Wise Men’s proposals—the most important of which were an ‘immediate ceasefire’ and ‘the exercise by the people of Western Sahara of their right to self-determination through a general, free referendum enabling them to choose one of the two following options: a) total independence, b) maintenance of the status quo’.<sup>44</sup>

Morocco’s repute slipped still further when Hassan annexed Tiris el-Gharbia

<sup>43</sup> *El Moudjahid* (Algiers) 12 June 1983.

<sup>44</sup> UN Document A/33/337, 31 October 1978.

<sup>44</sup> *Jeune Afrique* (Paris) No. 970, 8 August 1979, p 52.



in August 1979 and then refused to attend a meeting of the OAU *ad hoc* committee in Monrovia the following December. The committee regretted Morocco's boycott, congratulated Mauritania for making peace with Polisario, called on Morocco to 'withdraw all its troops from Western Sahara', repeated the ceasefire and referendum proposals, and suggested the dispatch of an OAU peace-keeping force to Western Sahara.<sup>45</sup> Morocco's isolation was even more marked at the following OAU summit, held in Freetown in July 1980. Morocco was appalled to find a narrow majority of the OAU's members (26 out of 50) recognising the SADR and favouring its admission as a member-state. Morocco was only able to avert such a diplomatic disaster by threatening to walk out of the OAU and, as a carrot, offering to end its boycott of the *ad hoc* committee. At the committee's next meeting, in Freetown in September 1980, the Moroccan premier, Maati Bouabid, reiterated Morocco's opposition to the referendum proposal. However, such inflexibility further eroded Morocco's diplomatic standing in Africa. So, upon the advice of his Western allies, Hassan promised the next OAU summit, held in Nairobi in June 1981, that Morocco would accept a 'controlled referendum whose modalities should give justice simultaneously to the objectives of the *ad hoc* committee, that is to say the committee of wise men, and to Morocco's conviction regarding the legitimacy of its rights'.<sup>46</sup> The king was applauded for his magnanimity and the SADR was once again excluded from the OAU.

Polisario and Algeria, however, doubted the king's sincerity. His pledge on Moroccan TV, on 24 June, two days before his speech in Nairobi, that 'we will not renounce a single grain of this Moroccan Sahara for which so many of us have sacrificed their blood and which has cost us so much money', suggested that he was merely playing for time, to keep the SADR out of the OAU, and would not allow a genuine referendum, for fear that most Saharawis would vote for independence.<sup>47</sup>

The Nairobi summit appointed an Implementation Committee (composed of the presidents of Kenya, Guinea, Mali, Nigeria, Sierra Leone, Sudan and Tanzania) to 'take, with the participation of the United Nations, all necessary measures to guarantee the exercise of a general and regular referendum of self-determination by the people of Western Sahara'.<sup>48</sup> Despite holding two sessions, both in Nairobi, on 24-26 August 1981, and 8-9 February 1982, this committee proved unable to make any real progress towards organising a referendum or even arranging a preliminary ceasefire, if only because Morocco flatly refused to recognise Polisario as its adversary. Fearing to lose Morocco's cooperation, the committee decided at its second session (Nairobi III) 'not to

<sup>45</sup> *Le Monde* (Paris) 17 December 1979.

<sup>46</sup> *Le Monde* (Paris) 28-29 June 1981.

<sup>47</sup> *Le Monde* (Paris) 26 June 1981.

<sup>48</sup> *Marches Tropicaux et Méditerranéens*, 3 July 1981.

name the warring parties, although we know who the parties are'.<sup>49</sup> If it could not name them, the committee could not, of course, get them to negotiate, even indirectly, and so it could do no more than make the timeless observation that 'a total ceasefire will take effect after consultations with all the concerned parties'.<sup>50</sup>

With the Implementation Committee in a diplomatic *cul-de-sac*, Algeria and other pro-Polisario African states then judged it opportune to force the pace on the issue of the SADR's membership of the OAU. The SADR finally took its seat at a session of the OAU's Council of Ministers, as the organisation's 51st member-state, in Addis Ababa on 22–28 February 1983. To the dismay of Polisario and its African allies, however, 18 states joined Morocco in a protest walk-out. Unable thereafter to achieve the obligatory two-thirds quorum (34 states) for its conferences, the OAU was thrown into disarray. The crisis was exacerbated by controversy over plans to hold the OAU's 1982 summit in Libya, which by custom would have given Colonel Qadhafi the organisation's annual chairmanship. Scheduled for 5–8 August, the summit collapsed inqorate. Despite a voluntary offer by the SADR to stay away (without, however, renouncing its OAU membership), a second attempt to convene the summit in Tripoli on 15–21 November 1982 failed too, due to a new row over the representation of strife-torn Chad. It was not until 8–12 June 1983, after a change in venue to Addis Ababa and another 'voluntary and temporary' decision by the SADR not to take its seat, that the OAU was finally able to hold its summit. Polisario was rewarded for this gesture by the passage of a resolution, adopted by consensus, which, for the first time, named Morocco and Polisario as the parties in conflict in Western Sahara and urged them to 'undertake direct negotiations' with a view to reaching an agreement on a ceasefire that would create conditions for 'a peaceful and fair referendum of self-determination by the people of Western Sahara under the auspices of the UN and the OAU'. Morocco and Polisario were urged to meet with the Implementation Committee 'as soon as possible', so that the referendum could be held within six months—in other words, by December 1983.<sup>51</sup> King Hassan, however, continued to refuse to negotiate with Polisario—despite a secret exploratory Moroccan-Polisario meeting in the spring of 1983—and so the OAU resolution's implementation seemed very much in doubt, as of September 1983.

### **The UN and the Non-Aligned Movement**

In 1976–7, Morocco successfully exploited the OAU's plans for an extraordinary summit as a pretext to dissuade the UN General Assembly and the

<sup>49</sup> President Daniel arap Moi of Kenya, 9 February 1982, cited in *Financial Times* (London) 11 February 1982.

<sup>50</sup> *El Moudjahid* (Algiers) 11 February 1982.

<sup>51</sup> *AFP* (Addis Ababa) 11 June 1983.



Non-Aligned Movement (at its Colombo summit in August 1976) from taking positions on Western Sahara.<sup>42</sup> After the coup in Mauritania, however, Morocco could no longer prevent these bodies from taking a stand. In December 1978, the UN General Assembly adopted two resolutions—one, backed by Morocco and adopted by 66 votes to 30, with 40 abstentions, which (like the 1976 and 1977 resolutions) appealed to states not to impede the peacemaking efforts of the OAU, and another, adopted by a much larger majority (90 votes to 10, with 30 abstentions), reaffirming 'the inalienable right of the people of Western Sahara to self-determination and independence' and 'the responsibility of the United Nations with regard to the decolonization of Western Sahara'.<sup>43</sup> Morocco's diplomatic standing eroded further after the Algiers Agreement and the Moroccan annexation of Tiris el-Gharbia. The sixth Non-Aligned summit, held in Havana in September 1979, 'deplored the extension of Morocco's armed occupation to the southern part of Western Sahara previously administered by Mauritania' and expressed hope that the creation of the OAU's *ad hoc* committee would 'assure, with the briefest possible delay, the exercise by the people of Western Sahara of their right to self-determination and independence'.<sup>44</sup>

From 1979 onwards, Morocco found itself forced to vote against all the resolutions on Western Sahara adopted by the UN General Assembly. In November 1979, the General Assembly voted by 85 votes to six, with 41 abstentions, to affirm 'the inalienable right of the people of Western Sahara to self-determination and independence' and 'the legitimacy of their struggle to secure that right', to hail the Algiers Agreement and deplore 'the continued occupation of Western Sahara by Morocco and the extension of that occupation to the territory recently evacuated by Mauritania', to urge 'Morocco to join in the peace process and to terminate the occupation of the territory of Western Sahara', and, recognising Polisario as 'the representative of the people of Western Sahara', to recommend its participation 'in any search for a just, lasting and definitive political solution of the question of Western Sahara'.<sup>45</sup> An almost identical resolution was adopted in the General Assembly in November 1980, by 88 votes to eight, with 43 abstentions.<sup>46</sup>

After King Hassan's referendum pledge at the June 1981 OAU summit, the General Assembly resolutions, adopted in November 1981 (by 76 votes to nine, with 57 abstentions) and in November 1982 (by 78 votes to 15, with 50 abstentions), focused on the need for peace talks between Polisario and Morocco, a proposal which Hassan continued to reject.<sup>47</sup> A new development

<sup>42</sup> Resolutions 31/45, 1 December 1976, and 32/22, 28 November 1977.

<sup>43</sup> Resolutions 33/31B and 33/31A, 13 December 1978.

<sup>44</sup> 6ème conférence des pays non-alignés, Résolution sur le Sahara occidental, in *La République Arabe Sahraouie Démocratique*.

<sup>45</sup> Resolution 34/37, 21 November 1979.

<sup>46</sup> Resolution 35/19, 11 November 1980.

<sup>47</sup> Resolution 36/46, 24 November 1981, and Resolution 37/28, 23 November 1982.

was that the United States, under President Ronald Reagan, cast negative votes, alone among the Western powers. The 1982 resolution, which was broadly similar to that adopted in 1981, reaffirmed 'the inalienable right of the people of Western Sahara to self-determination and independence' and declared that 'only negotiations between Morocco and the *Frente Popular para la Liberación de Saguia el-Hamra y de Río de Ogo* could create the objective conditions for the restoration of peace in north-west Africa and would guarantee the fair conduct of a general, free and orderly referendum on self-determination in Western Sahara'.<sup>22</sup>

### The World Powers

It is the Western Saharan war's regional ramifications, rather than the territory's minerals or any other consideration, which have drawn the attention of policymakers in Washington, Moscow, Paris and Madrid. The destabilisation of Morocco's Alawite monarchy, a long-standing ally of the West, is arousing concern in Western capitals as the war drags on, while both France and Spain are anxious to be rid of a conflict that complicates their important relations with both Morocco and Algeria.

#### France

President Valéry Giscard d'Estaing came to regret his military intervention against Polisario in Mauritania in 1977-8, which failed to save Mokhtar Ould Daddah's war effort but brought Franco-Algerian relations to a nadir—to the great cost of French industry, which lost valuable Algerian contracts to its competitors. During the last three years of his presidency (1978-81), therefore, Giscard set great store on repairing relations with Algeria, and from 1979 acknowledged the Western Saharans' right to self-determination. Nonetheless, France remained Morocco's principal arms supplier: delivery of 50 Mirage F-1 aircraft and 25 Alpha-Jets began in 1980. This ambiguous policy was continued by President François Mitterrand after his election victory in 1981. While Mitterrand strove, with considerable success, to boost trade with Algeria, he was as careful as Giscard not to jeopardise relations with Morocco, which has the largest French expatriate community in the world (numbering 55,000) and (though of lesser importance than Algeria) remains an important trade market for France. So, despite the French Socialist Party's long-standing relations with Polisario, the Mitterrand government has not halted French arms deliveries to Morocco.

<sup>22</sup> Resolution 37/28, 23 November 1982. The states voting against this resolution were Morocco, Chad, Chile, El Salvador, Gabon, Gambia, Guatemala, Guinea, Honduras, Liberia, Senegal, Solomon Islands, the United States, Upper Volta and Zaire.

### Spain

The Spanish government has also tried to preserve cordial relations with both Morocco and Algeria. Algeria is Spain's largest export market in Africa, but Spain, too, has strong incentives not to displease Hassan. The Moroccan and Saharan coasts are of enormous importance to the Spanish fishing industry, and Spain still holds two enclaves on Morocco's Mediterranean coast, the *presidios* of Ceuta and Melilla. So, the successive governments of Carlos Arias Navarro, Adolfo Suárez, and Leopoldo Calvo Sotelo tried to exploit the ambiguities of the Madrid accords to placate Algeria while retaining the friendship of Morocco. Though it had handed over Western Sahara's administration to Morocco and Mauritania, the Spanish government insisted that it had not ceded sovereignty—which, it declared, was vested in the Saharawi people. While exporting arms to Morocco and Mauritania (until 1977), it recognised—in principle—the Saharawis' right to self-determination.

To the Madrid government's irritation, however, the Western Saharan problem would not go away. At home, the left-wing opposition parties (notably the *Partido Socialista Obrero Español* and the *Partido Comunista de España*) campaigned actively for the annulment of the Madrid accords. Polisario tried to force Spain to renounce the accords by staging numerous attacks on Spanish fishing boats off the Saharan coast in 1977–80, and Algeria applied additional pressure in 1977–8 by campaigning vocally for the independence of the Canary Islands. In order to secure the release of eight captured Spanish fishermen, the ruling *Unión del Centro Democrático* (UCD) finally recognised Polisario in October 1978 as 'the sole legitimate representative of the struggling Saharan people'.<sup>88</sup> On 1 May 1979, the Spanish Prime Minister, Adolfo Suárez, met Polisario's Secretary-General, Mohammed Abdelaziz, in Algiers. However, the ambiguity in Spanish policy remained. The UCD's recognition of Polisario was not endorsed by the UCD government, which could not afford to alienate King Hassan. Indeed, such pragmatism continued, despite the PSOE's strong sympathy for Polisario, after the PSOE's election victory in October 1982.

### The USSR

The USSR has displayed equal prudence. It enjoys generally close relations with Algeria and it has publicly supported the Western Saharans' right to self-determination. Polisario, moreover, primarily uses arms of Soviet bloc manufacture, apart from the weapons it captures on the field of battle. However, these Soviet-origin arms are supplied to the guerrillas by Algeria and Libya, rather than by the USSR or other Eastern European states, none of which have recognised the SADR. The main reason for such circumspection is that the USSR values its growing economic relationship with Morocco. In particular, it has secured long-term access to Moroccan phosphate—of great

<sup>88</sup> Madrid Radio, 14 October 1978.

importance since the USSR will be a net phosphate importer by the 1990s—by signing a 'contract of the century' in 1978 under which the USSR is financing \$2 bn investment in the development of Morocco's huge Meskala phosphate deposits and will trade oil, chemicals, timber and ore-carriers for phosphate and phosphoric acid over 30 years.

### The US

By contrast, broad strategic considerations impelled the Ford, Carter, and Reagan administrations in Washington to align more or less overtly with Morocco despite Algeria's much greater importance to US business interests. The value of the Hassan regime to the US has been manifold. After the closure of the Strategic Air Command's Moroccan bases in 1963, the US Navy retained communications facilities in Morocco until 1978. Then, in May 1982, Morocco signed an agreement giving the US Rapid Deployment Force transit facilities at Moroccan air-bases. Morocco's geographic location, *en route* to the Middle East and astride the entrance to the Mediterranean, is of obvious strategic relevance, and the Hassan regime has always allowed US warships to call at its ports. Furthermore, Hassan has assisted the US by moderating Arab militancy on the Palestinian question—and, in 1977–8, he backed the initial Egyptian-Israeli contacts that culminated in the Camp David accords. Last but not least, Hassan has acted as a regional *gendarme* in Africa—by rushing Moroccan troops to Zaire in 1977 and 1978 to help crush the Shaba insurgencies.

Fears of jeopardising US-Algerian relations, associating the US with a particularly blatant form of territorial annexationism, and risking the Western Saharan conflict's internationalisation did prompt Carter to ban the sale of some US aircraft to Morocco briefly in 1978–9. However, when the fall of the Shah of Iran and Anastasio Somoza of Nicaragua in 1979 drove the Carter Administration to tone down its 'human rights' rhetoric and reinforce security assistance to valued US allies in the Third World, these arms sale restrictions were dropped. In January 1980, the Pentagon announced plans to sell \$232.5 million worth of Northrop F-5E jets, OV-10 'Bronco' counter-insurgency aircraft and Hughes helicopter gunships. Reagan inherited and strengthened this pro-Moroccan policy. 'Morocco is important to broad American interests and occupies a pivotal strategic area,' a State Department official told Congress in March 1981. 'We intend to maintain and reinforce our historically close relationship with reliability and consistency as our watchwords'.<sup>60</sup> After the Moroccan *débâcle* at Guelta Zemmour, in October 1981, US military assistance was intensified. US military instructors arrived in Morocco to train elite troops in offensive counter-guerrilla operations and to teach anti-missile tactics to Moroccan pilots. The Reagan Administration set up a joint military commission with Morocco in 1982 and trebled its Foreign Military Sales (FMS)

<sup>60</sup> Morris Draper, Deputy Assistant Secretary, Near Eastern and South Asian Affairs, in *Arms Sales in North Africa and the Conflict in the Western Sahara: an assessment of US policy*, p 3.

credit to Morocco from \$30 million in Fiscal Year 1982 to a proposed \$100 million in Fiscal Year 1983. In July 1982, it transpired that the US was supplying anti-personnel cluster bombs to the Moroccan air-force.<sup>41</sup>

## Appendix

### Bibliography

There is an extensive literature on Western Sahara, most of it in French or Spanish. The following list of books and articles is highly selective. An extensive bibliography, listing some 800 works, may be found in Tony Hodges, *Historical Dictionary of Western Sahara*, Metuchen, New Jersey: Scarecrow Press, 1982, pp 371-431.

The Polisario Front has published many documents apart from those cited below. In particular, it publishes a bi-weekly newspaper, *Sahara Libre*, and a bi-monthly magazine, *20 de Mayo* (entitled *20 Mai* in its French edition). The UN has published a vast amount of documentation on the Western Sahara problem. Useful sources are the *Yearbook of the United Nations* and the Committee of 24's annual report, *Western Sahara: Working Paper Prepared for the Secretariat*, published in Supplement 23 of the official records of the General Assembly. Annual surveys of the Western Saharan conflict may be found in the *African Contemporary Record* (Homes and Meier, New York), edited by Colin Legum.

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## WESTERN EUROPE AND THE SOUTH (1)

# A Question of Political Economy

JOHN PINDER

The external trade of the European Community (EC) comprises about a quarter of world trade. The EC is a giant in the world economy, a greater trading power than the United States, with a powerful influence on most other countries' economies and on the international economy as a whole. As such, we can expect it will be criticised. But we may also hope that the criticism will be useful. Unfortunately, it seldom is.

Most of the criticism is flawed because it is based on the assumption that free trade, and implicitly *laissez-faire*, is a tenable policy for the contemporary economy. It is ironic that many of these critics are Marxist or other central planners who demand that the EC remove its trade barriers but would never dream of shutting a factory or laying off workers in their own countries in order to make room for imports. Yet to dwell on this irony would be to miss the main point, which is that *laissez-faire*, even in the modern dress of Thatcherism or Reaganomics, just does not work in the modern economy. Monetary control without an active industrial or incomes policy can bring down inflation, as in Thatcher's Britain, but only at the cost of decimating investment, industrial production, employment and growth. Reagan's combination of monetarist and supply-side doctrines, with tax cuts causing a budget deficit which, in the context of tight money, pushes interest rates through the roof, may induce a demand-led reflation for a year or two; but with investment constrained by the interest rates and pay push restrained by nothing, the reflation will lead to bottlenecks, over-heating and inflation which will, probably by 1985, run the economy on to the buffers of yet tighter monetary restriction, higher interest rates, and hence renewed recession.

All this may be seen as hard luck on the Americans and the British, or as just retribution for their choice of political leaders. But those who are tempted to indulge in *schadenfreude* should remember that these failures of economic management do not concern their perpetrators alone. In the interdependent international economy, the ripples generated by even small successes or failures of management in a major industrial country can affect the economies of other countries throughout the world; and when the economy is as big as that of the United States and the failure as great as that of Reaganomics is likely to be in a year or two, there can be not just a ripple but a tidal wave that could



submerge weak economies and snap the moorings that have held the international economic system together. Reagan's entry on the world stage has given us a preview of this in the current debt crises of so many Third World countries. Real interest rates rose to heights unimagined in the financial markets; demand for imports of both primary products and manufactures fell in the industrial countries as the interest rates piled on the recessionary pressure; and these scissors of high interest rates and low demand cut the developing countries' growth and their means of servicing and repaying their debts. If the US repeats this monetary performance, the Third World's current debt crisis would become the springboard for something much worse.

This introduction is not intended to frighten the reader into turning towards an off-the-peg ideology of economic management from the other superpower. The Soviet Union is in just as much trouble if not more, for the opposite reason: too much centralisation, which suffocates innovation, technological development and progress towards microeconomic efficiency. Nor do the other East Europeans, or the Third World countries of similar orientation, offer an example that should encourage others to adopt the Soviet model. The intention is, rather, to stress that new methods of economic management must be developed in the North if the South is to benefit as it could from North-South economic relations. Thus, in considering the future relationship between the Third World and the European Community, we have first to think about the development of the EC's own economic policies. For if the EC stagnates, its imports cannot give a dynamic impulse to the growth of developing countries. Protection, which is the main target of Third World criticism, is secondary to the stagnation of demand. Britain, in the 1950s and 1960s, allowed free entry for almost all imports from Commonwealth countries; yet their exports to Britain grew much slower than their exports to the continent of Europe and Japan, where protection against the Commonwealth countries was quite high but whose economies, and hence demand for imports, were growing faster. The system of economic policy in the EC, as in other Northern economies, is therefore central to its relations with the Third World. The forces with which modern economic policy has to contend, and which will therefore shape its development, are moreover to be found not only in the EC but also in the wider international economy. So the trend of policy in the EC is likely to show similarities to the trend of policy in the international economy also. These are compelling reasons why analysing the problem of the modern political economy, whether in the EC or elsewhere, is not a digression, but a pre-condition for understanding the likely course of EC-Third World economic relations.

### **The Europeans and the Mixed Economy**

The economic troubles of the past decade have turned economic policy in Britain and the United States back to a form of market economics that tries to

minimise the role of public policy in the economy. The reaction has been less extreme among the EC countries on the continent of Europe. But all of them are relying on old-fashioned deflation to squeeze out the inflation that followed the second oil price shock in 1979; and none has found a way to keep inflation down without depressing employment and growth.

The monetarist doctrine which has taken hold of American and British policy and also increased its influence in other Western countries is based on an assumption of more-or-less perfect markets, in which prices and incomes bring about any necessary economic adjustments by responding to changes in supply and demand. Thus, the money supply is supposed to govern total production and market forces to look after the allocation of resources to production of the various goods and services. But in the industrial economies incomes respond only very imperfectly to changes in the money supply and the pattern of demand, for the division of labour and specialisation of production place so many groups, large or small, in positions of monopoly or quasi-monopoly. All these groups can resist the effect of monetary squeeze on their pay and take more than full advantage of any monetary relaxation. Thus the effect of tight money is not to keep the growth of their pay within the growth of their productivity, but to squeeze investment and reduce the employment of the less strongly placed; while easier money leads to increases of their pay more than of investment and employment. Hence we see the apparent paradox of stagflation, which is not a paradox at all if the importance of these imperfections in the labour market is understood.

With such imperfections built into the structure of the modern economy, the pay push can be controlled only by savage and permanent deflation or by constraints established within the system of pay determination. Such constraints can inhere mainly in pay determination within the firm, as in Japan, with national trends set oligopolistically by a few leading firms; or in collective bargains between trade unions and employers' associations in major industrial sectors, as in West Germany, with the trend set by an oligopolistic price leader (the IG Metall union in the engineering industry); or as in Austria by a comprehensive incomes policy, involving employers, unions and public authorities. In each of these countries, but particularly in Austria and Japan, inflation has been kept low while employment and investment have remained reasonably dynamic. Observers in the Third World may not have regarded the systems of collective bargaining in industrial countries as a matter of prime concern to them; but these systems have come to determine the allocation of resources to investment, growth and the creation of employment, and hence the industrial countries' propensities to import or to protect. Without systems for controlling pay push, which must be based on a consensus between unions and employers' associations and supported by public policy (i.e. incomes policy), the old industrial economies will remain weak importers, strongly protected against the 'disruption' of imports from the newly industrialising countries.

A second major imperfection in the modern market economy is the cost of starting new production or winding up the old. In perfect markets, resources would move without cost from one form of production to another. In the modern economy, the winding up of old plant may leave firms with heavy capital charges and redundancy costs, workers with no employment and public authorities with the cost of unemployment assistance and of local infrastructure which is no longer used. The starting of new production may require great expense on research, development, investment, training and marketing. Thus adjustment from old production to new, so far from costless, can be very costly; and the social benefit of economic progress and employment may not be reflected at all in a private benefit for the firms doing the adjusting. With slow-growing economies, as during the past decade, this discrepancy is particularly serious, because the markets for new production are less able to support the costs. But even in Japan, where growth has remained twice as fast as in Europe, the government has found it necessary to help channel resources out of several 'structurally depressed industries' and into the sectors of the future. It requires no complicated economic analysis to see the case for an industrial policy that will promote the new lines of production and ease the adjustment away from the old; and the more successful of the industrial countries, such as Japan, France, West Germany, Austria and Sweden, have indeed pursued the more effective industrial policies of this kind. Their most important instruments have lain in macroeconomic policies that give full weight to industry's need for low interest and exchange rates, combined with an array of tax and subsidy incentives for adjustment and development. The Japanese have, in addition, developed the concept of the rationalisation cartel, whereby the firms in a structurally depressed sector receive temporary protection and support on condition that they modernise and adapt their production to the needs of the future.

Such industrial and income policies, together with manpower policies to ensure the workforce is well trained for the new industries and services, are essential elements of the modern mixed economy: mixed in the sense, not of any particular mix of private and public ownership, but of an appropriate involvement of central public policy in a decentralised market economy. Those who wish to know whether the European countries will again become dynamic trading partners should try to judge whether these countries are evolving mixed economies along these lines, as still seems to be the case in continental Western Europe, or whether the doctrine of *laissez-faire* is gaining ground, as has undoubtedly happened in Britain—perhaps for quite specific political reasons.

#### **Trade and Monetary Integration in the European Community**

The Europeans' trading stance will depend on their success in restoring employment and growth, which will govern the ease with which they adjust to Third World competition. But their attitude towards protection has also been

influenced by their realisation that wider markets were needed to reduce unit costs and enlarge the scope for specialisation and scale, in an epoch when these are becoming increasingly necessary conditions of further economic development. This was a major reason for the establishment of the European Community and of the free trade system surrounding it in Western Europe, and for the maintenance of free trade within Western Europe during a recession that calls to mind the 1930s when each European country retreated into its autarkic shell. Any tendency to repeat that disintegration would hurt the Third World too; autarky would be likely to protect each country against all comers. It can, conversely, be strongly argued that a closer collaboration within the EC, through not only free trade but also a common industrial policy, would improve the economic health of its members and hence benefit its trading partners also.

The question of monetary integration in the EC is particularly significant. The high interest rates, originating in the US, annoy the Europeans as they do the Third World. Dear money in the international capital market means dear money in the European capital markets and thus an obstacle to industrial investment. Protests make little impact on the stubborn forces shaping American budgetary politics. If American policy is to be influenced, it must be done by equally stubborn economic forces that can affect the US economy for better or for worse. In the early 1960s, the US changed its trade policy and initiated the Kennedy Round of far-reaching tariff negotiations because it was confronted by the EC's common tariff which made the Community a trading power on the scale of the US. The only such instruments conceivable in the monetary field would come from strengthening the EC's European Monetary System, by implementing proposals to establish a common reserve fund and move in the direction of a common currency. Such a development would be most significant for the Third World too, as the Europeans would use any such countervailing power to secure a reduction in interest rates that would apply not only in the US and the EC but also in the international economy as a whole.

### **The EC and the Third World**

Prosperity and growth in the North would have more impact on prosperity in the South than all the specific measures of Brandt and the NIEO combined. Indeed, the most pertinent criticism of NIEO proposals may be that they seemed to regard the North as a fat cow that could be milked, or even have juicy steaks hacked out of it, regardless of its health and strength. But although Northern prosperity is a necessary condition of rapid development in the South, it is not a sufficient condition. Just as the structure of the modern economy requires a mixed economy system to manage individual industrial countries or the European Community, so a successful international economy will need to be managed on mixed economy principles.

Capital flows from North to South offer a good example. As it stands today, the international capital market is dominated by a market force which turns out

to be a peculiar combination of two theories (monetarist and supply-side) as they affect the American budget and economy. The needs of industry in Europe and of development in the Third World count for little in the face of this political and ideological peculiarity. But in the perspective of an international mixed economy, the needs of industry and development must be the main objective of international policy, and thinking has to focus on the instruments that can further this objective. In monetary policy, the crucial instrument is a reasonable rate of interest; and as we have seen, a strong European Monetary System is the only likely counterweight to American monetary and fiscal policies from which the high interest rates derive—hence the common interest of the EC and the Third World in European monetary integration, creating monetary instruments that can be used to secure interest rates more suitable for their respective development needs.

Beyond the lower interest rates in the international capital market, for which both EC and Third World have a need, the perspective of an international mixed economy points towards special measures to promote investment in the Third World. For just as regional policies are employed in particular countries to break the vicious circle of growth-retarding externalities in the less-favoured regions, so a world regional policy is appropriate to promote Third World investment and growth. Such a policy has of course been embodied in the World Bank and the International Development Association (IDA); but whereas the policy's original impulse came from the US, it is the Europeans who have recently given it the stronger support. The EC has, moreover, become a considerably larger provider of official development aid than the US, partly through the EC's European Development Fund, though mostly still through the member countries' aid programmes.

The old lesson of market economics (that healthy demand is more important for primary products than any measures of official support) applies with particular force in the world commodity markets. But the peculiarities of such markets justify measures at least to cushion producers or consumers against the wilder fluctuations. If policymakers in the industrial countries did not believe this, they would surely abolish their policies of domestic agricultural support; but none of them does so. The most impressive international support measure is the Stabex scheme, through which the EC, under the Lomé Convention, compensates the African, Caribbean and Pacific exporters of a number of commodities if the value of these exports falls below an agreed level. Although the severity of the present recession has overstrained the funds that the EC allocated for this, it remains more far-reaching and imaginative than the IMF's facility for balance-of-payments assistance, which the EC also supports.

The other side of that coin is, however, the EC's own agricultural policy, which supports European farm production at the expense of international trade. This causes the greatest problems for other temperate producers, such as Canada, New Zealand and the US—although the ability of the US to influence

Community policy shows again the significance of bargaining power in the international mixed economy. The EC's policy has, however, also caused some difficulties to Third World countries,<sup>1</sup> even if those have been much mitigated for Lomé sugar-exporters by the market guarantees of the Lomé Convention.

### **Industrial Policies and Trade in Manufactures**

For manufactures, trade and industrial policies are the chief manifestations of the contemporary mixed economy. During the years of prosperity, the EC greatly improved its conditions of access for imported manufactures. Its tariff was about halved through successive GATT rounds; tariff-free access was widened under the Lomé Convention to almost all of Africa, as well as to Caribbean and Pacific countries; and it was the EC that pioneered the introduction of the Generalised System of Preferences. In the past ten years of recession, however, the pressures from hard-hit workers, unions, employers and regions have been for more protection; and EC countries have adopted industrial policies that provide protection in new forms as well as, in a more positive vein, promoting industrial development.

At the same time as trade in manufactures has been complicated by national industrial policies, it has also become clear that manufactures will increasingly dominate international trade. First Japan rose to become the supplier of one-tenth of world exports of manufactures; then, during the 1970s, the Newly Industrialising Countries did the same. A process of diffusion of technology throughout the world is evidently in train; and more and more Southern countries will join the NICs of the 1970s until manufactures eventually outweigh primary products in exports from South to North. This makes it the more important to understand the implications of industrial policies for manufacturing trade.

The problems that the international economy poses for industry in developing countries are well known: the competitive weakness of infant industries; the relative strength of foreign investors and multinational companies; and now the crisis of interest rates and debt. Northern worries about international trade are less well understood—and indeed a contemporary Northern fashion writes them off as sinful Keynesian fantasies. But their causes are more objective than that. The market imperfections that we earlier discussed, rooted in the structure of the modern economy, impede adjustment to changes in technology or demand. These impediments are yet harder to overcome when the changes stem from trade with countries that have different economic levels, rates of growth or systems of economic management.

The stereotype of comparative advantage is the cheap textile produced by cheap labour. The danger of such stereotyping in a fast-changing world was shown when the production of cloth became as capital-intensive as that of cars,

<sup>1</sup> See Mackel, Marsh and Revell, p 131 below.

leaving only clothing, rather than textiles as a whole, as a labour-intensive sector. This point was confirmed when the Economic Commission for Europe found that clothing and footwear were the only major industrial sectors with physical capital intensity far below the average.<sup>2</sup> Useful though the export of textiles and footwear may have been to developing countries, and painful as these imports may have been for many disadvantaged workers and regions in the industrialised countries, the stereotype of labour-intensive sectors does not help much towards understanding the contemporary problem of trade in manufactures.

The advantages of fast-growing countries are far more important. Over an increasing range of production, such countries have newer products, newer equipment and, often, more up-to-date technologies than slower-growing, older industrial economies. When combined with lower-cost labour these advantages can be formidable indeed, as Japan was the first to show in the postwar world economy. The Japanese went on to demonstrate that the virtuous circle of efficiency, investment and rapid development, established while labour was cheap, can be sustained in what has become a high-wage and high-technology economy. But the strength of Japanese competition during the time when they were catching up on the Europeans and Americans has wider significance. For this has already been shown not to be a uniquely Japanese phenomenon, but has been repeated by a dozen Asian, South European and Latin American NICs; and these will surely be joined by a growing number of Third World countries. This must raise the question whether the older industrial economies face a danger of general industrial stagnation when competition from newer ones reaches a critical mass. The British experience of sliding, since the second half of the nineteenth century, from a state of industrial pre-eminence into a vicious circle of weak adjustment and slow growth might have been regarded as unique were there not signs of a similar trend in much of American industry and, more recently, on the continent of Europe.

Before considering the likely response of policy to this question, we should also recognise the effect of differing policy systems on international trade. The arbitrariness of price and investment decisions in the Soviet-type economies has long been seen in the market economies as justifying protection; and, in the last ten years of recession, protection has increasingly been applied. Although superior efficiency is widely recognised as the main source of Japanese competitive strength, the 'targeting' of their exports and their cultural and institutional barriers against imports are increasingly held to justify protection against Japanese competition. From the wide range of policy systems among

<sup>2</sup> UN/ECE, *Structure and Change in European Industry*, Part 1, chapter 2 and Part 2, chapter 3, Geneva, 1982, cited in Christopher Saunders, 'Changes in the Distribution of World Production and Trade', in John Pinder (ed), *National Industrial Strategies and the World Economy*, Totowa, New Jersey: Allanheld Osmun, 1982, p 21

the NICs, a common factor has been observed to enhance the competitiveness of most of them: their relatively free labour markets (in the technical sense of freedom from effective institutional curbs on market forces), combined with official support for capital allocation that promotes industrial investment.<sup>4</sup> American and European trade unions frequently use this as an argument for protection...

So long as recession and stagnation last, European reaction to these structural problems of international trade is likely to be protectionist. Unlike the old issue of labour-intensive sectors, moreover, it is hard, short of the very long term, to discern a limit to the process of catching up by NICs or an end to the differences between their policy systems and those of the Europeans; as the more developed NICs catch up, others will take their place on the lower rungs of the ladder. Thus it is equally hard to envisage a turning of the rising tide of protectionism so long as European industrial stagnation continues. That would point to a fortress EC economy. If, on the other hand, the stagnation is replaced by healthy growth, this will follow, if the earlier argument was sound, from the devising of new methods of economic management which include an industrial policy to overcome the structural barriers to industrial adjustment and development. Such a policy may have to be particularly far-reaching while the economy is being moved out of its long recession; but the experience of Japan, where an active industrial policy has been pursued in the context of an uninterruptedly dynamic economy, confirms our expectation that such a policy will still be needed beyond the present recession, if Europe is to avoid the fate of secular stagnation. Thus a dynamic European economy will still present a new problem for international trade: the accommodation of interests expressed not only in conventional trade policy but also in a wide variety of industrial policies.

### **Bargaining about Industrial Policies**

A fortress EC would probably gravitate towards controls and even bilateral balancing in its trade with the Third World, with some characteristics of the system practised by the East European COMECON countries. In such circumstances, human ingenuity has devised specialisation agreements, buy-back and many other forms of industrial cooperation to alleviate the trading system's inherent viscosity. But its resistance to progress is indicated by the fact that the EC's trade with the six million Swiss is greater than that with the Soviet Union and its associates in Eastern Europe combined, although their population is over fifty times as big. Trade would continue and doubtless even increase, but with such a bias towards separate development, the path of economic progress for the Third World would be longer and rougher. Such a

<sup>4</sup> See for example Wolfgang Hager, 'Little Europe, Wider Europe and Western Economic Cooperation', in *Journal of Common Market Studies Special Issue: The European Community Past, Present and Future*, September–December 1982, p 186.



split in the world economy, counter to the secular technological trend towards interdependence, would not only hold back economic development but also exacerbate political conflicts in a world where they are already dangerous enough.

While trade with a fortress Europe would have to be negotiated every step of the way, an EC that recovers enough dynamism to remain an essentially open economy would also be likely to present the Third World with more need to bargain than in the past. The doctrine of non-reciprocity has been common to supporters of both *laissez-faire* and NIEO. Their belief in its practicability was encouraged by the introduction of Part IV of the GATT, the Lomé Convention and the Generalised System of Preferences. But these victories for non-reciprocity were won before Northern industries other than textiles had been seriously hurt by competition from the NICs, before the costs of adjustment to such competition had risen so high and the obstacles to new industrial development in the North became so great, and before the particular interests affected had reacted to these new conditions by asserting their strength against the general principles of the old trading order. The rise of the interest groups must be seen as a social and political concomitant of the market imperfections in the structure of the modern economy. Where change involves economic and social costs or benefits which are not entirely dictated by impersonal market forces, groups will become organised to influence the outcome, whether directly in the market or by securing changes in public policy. Since these groups have become so important, there has been a new wave of literature on their role in the modern economy,<sup>4</sup> which analyses the leverage they exert in pluralist democracies. This shows how industrial and trade policy has become the subject of bargaining within each industrial country, whether any trading partner chooses to bargain about its trading interests or not. Since the livelihoods of people and the prosperity of firms and regions may be at stake, the domestic bargaining can be very tough; and a trading partner that relies on the doctrine of non-reciprocity and refrains from exerting any bargaining power runs a greater risk of losing out. As the French say, *Les absents ont toujours tort* ('Those who are absent are always in the wrong').

There are reasons why the obvious examples of EC protectionism in the past do not reflect the balance of forces that is likely to determine EC policies towards the bulk of imports from the Third World, once the EC has recovered some of its dynamism. The agricultural lobby, despite the dramatic decline of farm population, still represents not much less than a tenth of the EC's voters, concentrated where their gearing in the political system is maximised. The textile lobby also represents a large and fairly concentrated population, in a

<sup>4</sup> For example, Ghita Ionescu, *Centripetal Politics*, London: Hart-Davis, MacGibbon, 1975; Lester C Thurow, *The Zero-Sum Society: distribution and the possibilities of economic change*, New York: Basic Books, 1980; Mancur Olsen, *The Rise and Decline of Nations: economic growth, stagnation and social rigidities*, New Haven: Yale University Press, 1982.

sector where labour-intensity has favoured, and in clothing still does favour, the Third World competitors. The rapid surge in European imports of a number of products from Japan has not been reciprocated by an equivalent growth in Japanese imports from Europe. None of these conditions will apply to the bulk of manufactured exports from the Third World to the EC in the future. The EC has a large surplus on its trade with the Third World in manufactures; those who export to the Third World therefore represent a major interest in favour of more such trade, hence of enabling Third World countries to earn money by increasing their own exports to the North. These industrial interests tend to be joined in general industrial associations, with the export interest counter-weighting the import-resisting interest, whereas the agricultural lobby is usually separate. Textile protection, although less tough than the EC's protection of agriculture, shows that there is a limit to this argument. But since clothing and footwear are the only sectors in which labour-intensity is generally pronounced, Third World comparative advantage will in future increasingly be distributed across a range of sectors, at the labour-intensive end of each.<sup>6</sup> The EC exporters will therefore carry their influence within the same sectorial interest groups as the import-resisters; and it follows from the EC's surplus in manufactures trade that the exporters should be better placed to check protectionism than they have been in relation to agriculture, textiles or Japan—especially as they will usually be supported by the still-growing weight of the multinationals.

The crux, for the health of the Northern economies and the growth of their imports of Southern manufactures, will be to ensure that Northern industrial policies focus on the development of industrial activities towards higher added-value, thus moving steadily up the technological ladder and leaving room for the exporting NICs to climb it too. This appears quite feasible in the context of an EC which shows the resilience to evolve a new form of economic management to deal with the new conditions of the modern economy; but threatened interests will remain active, and Third World countries will suffer if they neglect to do what they can to influence European industrial and trade policies by exerting their own bargaining power.

Bargaining power has always been important in the international economy, even if liberal theory has tended to ignore it. The impact of the EC's rise as a trading superpower on US behaviour in tariff negotiations was mentioned earlier, as was the potential of EC monetary integration for influencing American fiscal and monetary policies. The growth of Northern industrial policy, with its special implications for the NICs, adds a new dimension to the Third World's need for bargaining power. In a prosperous international economy, Third World countries conducted some successful negotiations in groups; OPEC and the Lomé countries were examples, although the Group of

<sup>6</sup> For some of the advantages of intra-industry trade, see Saunders, *op. cit.*, pp 34–6.

77 did not achieve many tangible results. But OPEC's recent experience shows that such groups of sovereign states are less cohesive in bad times. The more solid bargaining power is likely to reside in the large economies such as Brazil, Mexico and India; Nigeria among the Lomé countries; Indonesia in ASEAN; and, among OPEC members, Saudi Arabia. Where the most-favoured nation principle applies, the big countries' negotiating successes will also accrue to the smaller countries; the same will apply where they use their bargaining power as leaders of a group. Where the small countries are poor and weak, moreover, they will draw some benefit from the quantum of generosity that the North increasingly reserves for the least developed. But it must doubtless be accepted as a fact of life that, where there is negotiation, those with the greater bargaining power will gain the more.

The Third World countries seeking access on better terms to Northern markets, whether for their exports of manufactures and primary products or for their imports of capital, can negotiate about the terms of access for Northern exporters or for Northern investors and multinationals to their own markets. As the markets of the major Southern countries grow, these become more significant bargaining counters; and the more these countries use them, rather than relying on non-reciprocal Northern liberalism, the more they will be able to influence Northern policies. Their negotiating will be the more effective, moreover, and their influence the greater, the more they understand and allow for the Northern countries' own industrial development needs. One aspect of this is a readiness to restrain fast-growing exports through orderly marketing agreements when the Northern countries apply industrial policies of a kind likely to secure the adjustments that will facilitate the removal of restraints within a reasonable time. A second aspect would be a recognition of the role that Third World countries could play in expanding the international economy to pull it, North as well as South, out of the recession.<sup>9</sup> A third aspect, long-term and fundamental, would be a consciousness of the mutual need for a constant widening of the market to provide room for the specialisation and scale involved in containing technological development.

#### ***Beyond the Immediate Bargains: institutions of interdependence***

Enlightened self-interest in international trade usually implies accepting a short-term inconvenience in order to secure a larger, if longer-term, gain. One reason for the growth of Northern protectionism is the lack of a vision of a feasible open trading system for the future.

With the North-South metaphor implanted in the mind, one tends to forget how fast some of the NICs were catching up on the mature industrial countries in the 1970s. Given a revival of health in the international economy, it will again be seen that countries such as Brazil, Mexico and some of the East Asians

<sup>9</sup> See Reginald Herbold Green, "Things Fall Apart": the world economy in the 1980s, *Third World Quarterly* 5(1) 1983, p 93.

are not so far behind Greece and Spain, let alone Portugal. Thus their economic levels, and probably consequently their economic systems and rates of growth, will become less different from those of the EC countries. While average living standards in India will long remain much lower, the Indians may also progress rapidly to reduce the industrial and technological gap.

As the divergence of economic levels, rates and systems is reduced, and as the easier adjustment problems of intra-industry trade replace the harder task of adjustment to one-sided pressure on particular sectors, the obstacles to open trading will also be reduced. These are among the conditions that underlie the EC's readiness to negotiate about the accession of Portugal and Spain. Although the membership of these countries may excite some disquiet among the NICs that will be competing with them in the EC market on less favourable terms, the NICs should at the same time carefully observe the process of mutual adjustment of industries in the old and the new EC members. For this may resemble the process that would follow from a later participation of the EC and, say, Brazil, Mexico, and eventually India, in a more open trading system.

With industrial policy as important as trade policy, the consequence of a far-reaching reduction of trade barriers becomes not industrial *laissez faire* but a coordination of industrial policies, for example, common rules of competition, similar regimes of adjustment assistance and joint participation in rationalisation cartels; and these imply some common institutions and common policy instruments. This would go beyond the degree of cooperation embodied in existing international organisations or the Lomé Convention; and so long as the balance of economic power remains so heavily tilted against all the Third World countries, they rightly resist a stronger dose of policy integration. But as the larger among them, with populations that will then amount to 1-2 hundred million or even many more, come closer to the EC's economic level, the balance of economic power will become more even, and they may become readier to work more closely with a mature industrial economy such as the European Community.

The capacity to cooperate in international institutions is indeed crucial for the effective management of the international mixed economy; and we must also ask how far such a capacity has been shown by the EC. When compared with the behaviour of European nations in the 1930s, the behaviour of the EC member-countries in the postwar period has been remarkably cooperative. Not only have they established the Community itself, which is more far-reaching than any other example of economic cooperation among modern states; but the EC and its member countries have played their full part in all the main international organisations. As was noted earlier, the EC has been more inclined than the US recently to respond to Third World needs, particularly on monetary and commodity issues; and the Lomé Convention was at the time of its inception widely recognised as representing best practice in Northern policies towards the South.

The EC is nevertheless as amenable as other pluralist democratic systems to interest group pressures; the power of each of the ten member-governments to obstruct decisions in the EC's institutions may, indeed, add a dimension to the influence of industrial lobbies. The recent strains in the EC's trading relationships, from agriculture, through the Multi-Fibres Agreements and the argument in GATT over safeguards, to relations with Japan, bear witness to the forces that inhibit cooperation in the present economic climate. Yet given an improving economy, the EC has a number of attributes that will conduce to cooperation with Third World countries. The EC is more apt than the US to understand a mixed economy system. Its member-countries, especially if Portugal and Spain are included, have strong links with almost all parts of the Third World, of a kind that have supported the Lomé Convention. They have their own strong experience of interdependence and its consequences, which will make the idea of a wider interdependence comprehensible to them. As medium powers, they will find the idea of equality with the emerging industrial nations of the Third World easier to accept than the superpowers are likely to do. Strategically and economically exposed as they are, they are acutely conscious of their interest in world peace and economic stability.

The EC is, then, both sharply subject to short-term political pressures and well endowed with the capacity to appreciate its long-term enlightened self-interest in well-managed interdependence. It would be rash to predict whether the short-term or the long-term considerations will prevail. But the long-term interest will certainly have a better chance if some Third World countries respond to the vision of an increasingly interdependent and cooperative system, with institutions that will match the needs of an international mixed economy in the twenty-first century.



## WESTERN EUROPE AND THE SOUTH (2)

# The Common Agricultural Policy

*C MACKEL, J MARSH, B REVELL*

This article does not pretend to unravel all the ways in which Common Agricultural Policy (CAP) influences the Community's relationship with the rest of the world. Rather it indicates the main determinants of the character of the CAP, shows how this affects other countries and illustrates the issues by reference to the operation of the policy in two product areas, beef and cereals.

### **The Nature of the Relationships between the CAP and the Rest of the World**

A Community which has in its founding document the intention 'to contribute to the harmonious abolition of restrictions on international exchanges and the lowering of customs barriers . . . ' has devised a policy for agriculture which is among the most protectionist in the non-communist world. An explanation requires some appreciation of traditional attitudes to agriculture and the problems posed by allowing agricultural goods to move freely within the European Economic Community (EEC).

All European countries have long had special policies for agriculture. The specific objectives and the instruments used have varied, but four common strands can be identified. First, governments are concerned to ensure a secure supply of food. The authors of the CAP experienced during and immediately after World War II, the rigours of scarcity. Second, in a free market agricultural prices tend to be volatile. Governments have been anxious to secure price stability, not only to avoid hardship for farmers or consumers but also to avoid any inflationary impact from sudden rises in food prices. Third, in a growing economy, there is an autonomous tendency for farm incomes to decline compared with those of other sectors. Such a decline leads to political dissatisfaction among farmers, to rural depopulation, changes in the rural environment and the destruction of rural communities. Many people in Europe regret such changes and seek through agricultural policy to maintain rural communities. Fourth, many governments have wished to encourage domestic agriculture in order to 'improve' their balance-of-payments or to contribute to economic growth.

All these arguments may be challenged but they formed part of a widely accepted conventional wisdom when the Rome Treaty was signed and continue to influence policymakers. One further element is of specific relevance to the



Community's relations with the rest of the world. France feared that, in a common market, her manufacturing industries would suffer in comparison with those of Germany. In contrast, French agriculture was expected to benefit from wider markets within the Community. Given that no European country was willing to dismantle agricultural policy and allow 'free' internal trade in farm goods, the opening up of the market for French exports required some common framework of policy. The CAP represents a way in which this has been achieved without causing hardship for farmers in other countries and constitutes part of a complicated *quid pro quo* between member states.

The six original members of the Community sought through the CAP both to regulate prices and to contribute to structural development. In the event, price policy has been responsible for most Community expenditure. Despite frequent attempts to limit its cost, price support still accounted for 61.8 per cent of all EEC budget expenditure in 1981. The details of the support regimes for each product are unique and complex; however, two main patterns are followed. For products in which the Community produces all or most of its own supply, market prices are maintained by regulating the quantity reaching the domestic market. For some products where imports are the main source of supply, market prices may be supplemented by additional payments to producers. Sometimes, as for olive oil, both approaches are combined, market prices being stabilised by regulation of quantity and supplemented by additional payments to EC producers. Both systems affect other countries.

The principal instruments of market regulation, so far as external trade is concerned, are variable import levies and export restitutions. The variable levy is a tax on imports calculated to raise prices of goods delivered to the EC to a minimum fixed by the Council of Ministers. Thus, imports cannot be sold at prices lower than those thought appropriate for domestic producers. Export restitutions are subsidies paid to enable products bought by EC exporters at the protected EC price to be sold abroad at the lower prices prevailing in world markets. Both variable import levies and export restitutions are transactions with the Community's Agricultural Guidance and Guarantee Fund (FEOGA). The Community Budget receives, too, the proceeds of the fixed customs duties levied on some agricultural products over and above any variable levy. This system of support insulates the internal market from the rest of the world which is seen as a residual supplier or outlet for the products concerned.

Where a system of supplementary payments is used, as for example with both the sheep and beef regimes in the United Kingdom, internal market prices may be allowed to fall in response to increased domestic production. An additional payment is then made to bring the average level of price to farmers up to the protected level. Although foreign suppliers still have access to the EC market, they face lower prices and reduced total revenues.

The effect of these arrangements upon the rest of the world depends upon the response of Community producers and consumers to the administered

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**Table 1: Degree of Self-Supply in certain Agricultural Products. EUR 9**

	1973-4	1979-80
Total Cereals	92	101
Wheat	104	116
Maize	56	62
Sugar	91	125
Milk Products		
Fats	102	113
Protein	113	111
Fresh Products	100	101
Whole Milk Powder	208	357
Skim Milk Powder	137	115
Butter	101	119
Cheese	102	105
Beef and Veal	91	101
Pigmeat	101	101
Poultry	103	105
Oils and Fats	75	81

*Source: Agricultural Situation in the Community 1982, Brussels: Commission of the European Communities, 1983.*

internal prices. At the prices which have prevailed, the long term trend has been for Community production to increase by 1.5 per cent to 2.0 per cent each year whilst consumption has grown by only 0.5 per cent. Table 1 shows how the Community's self-sufficiency has increased in major product areas. This means that other countries have faced a decline in their share of the EC market and added competition in third country markets.

As self-sufficiency has increased for products protected by the CAP, there has been a marked increase in imports of some substitute products. This is because the product price relationships within the EC differ from those in world markets. Some substitutes enter at zero duty, as a result of agreements made by the Community under the provisions of the GATT. Thus, for example, it has become attractive for feedingstuff manufacturers to use manioc and soya to replace some cereals in animal feed. Since the Community spends some £4.5-5 billion removing cereals and animal products from the EC market these substitutes embarrass the administrators of the CAP who have endeavoured to persuade suppliers to enter into so-called 'voluntary' restraint agreements which limit their exports to the EC. The ability of other countries to resist the Community's persuasion varies, so the likely outcome of this approach is a



further distortion of world agricultural trade between pliant and less pliant suppliers.

The Community is the world's largest importer of food and agricultural products and one of its largest exporters. Table 2a shows that since 1973 its share of agricultural exports has increased and share of imports has diminished. Table 2b shows how the EC share was distributed among products in 1979. The

**Table 2(a): EC Agricultural Trade as share of World Trade<sup>1</sup> 1973-81 (EUR 9)**

EC Trade as % of World Trade	1973	1975	1976	1977	1978	1979	1980	1981
Exports <sup>2</sup>	9.4	9.0	8.4	8.9	9.7	9.6	11.0	-
Imports <sup>2</sup>	30	25	26	27	27	25	24	20

<sup>1</sup> Excluding intra-EEC trade.

<sup>2</sup> Exports and Imports expressed as a percentage of world exports.

*Source: Agricultural Situation in the Community 1982, Brussels: Commission of the European Communities, 1983.*

figures refer to an EC of nine countries. In 1973, the accession of the UK, Denmark and Ireland to the EC increased the impact of the CAP on world trade. The 'second' enlargement, which already has added Greece, and, in the later 1980s will include Portugal and Spain, will further extend its influence.

The CAP affects both world prices and access to the Community market. Not all countries are affected in the same way. For some, special arrangements have been made which affect agricultural trade. It is thus necessary to examine separately the situation of differing groups.

For products which it protects the CAP lowers prices in world markets. The extra output induced in the Community by higher prices leads to reduced imports or greater exports. Since more is now available prices at which the unsupported world market will clear must tend to be lower. The effect on substitutes for CAP products which are not themselves subject to restricted entry to the EC may be precisely the opposite, their price will tend to be raised. However, for some producers and some consumers in third countries this effect may be offset by the availability of exported EC surpluses. The overall effect on income distribution among third countries remains unclear.

For third countries the effect of the CAP, in the short term, will depend upon their particular pattern of trade. Table 3 shows that, as a group, developing countries will face lower prices for their sugar exports but would benefit from lower prices for imports of cereals, milk and sheepmeat. The induced increase in the price of substitutes is likely to make soya imports cost more and will have

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**Table 2(b): EC % of World Trade by Product, 1979**

	% of World Trade	
	Imported by EC	Exported by EC
Total Cereals	10.3	5.3
of which Wheat	6.4	6.3
Maize	16.1	0.1
Oilseeds	46.3	0.1
Wine	22.6	33.9
Sugar	6.9	14.0
Total Milk	0.5	62.2
Beef	6.8	12.4
Pigmeat	15.9	15.0
Poultrymeat	5.3	28.1

Source: as per Table 2(a).

similar effects on manioc and other ingredients for feeding stuffs. Where, in some developing countries, these form part of the human diet, food prices may rise. Such statements, whilst they suggest some general implications do not take account of the widely varying circumstances of developing countries. Thus, it is not possible from this evidence to say whether the CAP is or is not, overall, damaging to any particular group of countries.

A long-run assessment of the significance of the CAP must take account of how it influences the disposition of capital in third countries. If investment in production, research or the infrastructure of production is discouraged in low-cost countries more of the world's resources will be used to sustain any particular level of output. Investment in substitutes for CAP-produced products draws capital into activities which represent a less efficient use of global resources. Any change in policy could leave suppliers, especially in LDCs in a vulnerable situation. At a time when there is increasing awareness of the finite character of some resources, such long-run costs cannot be ignored.

The CAP ensures a measure of internal price stability. Within the Community this involves charging higher prices to consumers. Externally it compels the rest of the world to accommodate fluctuations in EC production and consumption. In essence, because when world prices are low, EC consumers are not encouraged to use more, nor EC farmers to produce less, world market prices have to fall further before the market clears. Equally, since the system may shield the EC when products are scarce, world prices may have to rise more before the market reaches a balance.

Table 3: Percentage Share of World Trade in Selected Products, 1981

	Exports		Imports	
	All Developed %	All Developing %	All Developed %	All Developing %
All Agriculture	70	30	71	29
Cereals	84	16	53	47
Sugar	18	82	75	25
Soyabeans	85	15	79	21
Wine	96	4	93	7
Milk <sup>1</sup>	97	3	39	61
Meat				
Beef	84	16	84	16
Pigmeat	80	20	96	4
Sheep	88	12	61	39

<sup>1</sup> Milk condensed, dry and fresh.

Source: *FAO Trade Yearbook* 1981 Vol. 35.

Apologists for the CAP note that the Community is far from alone in raising the prices its farmers receive or in seeking to insulate its consumers and producers from the vagaries of the world market. They point out that at a lower level of output in Europe world prices would be higher. Comparisons with current prices thus exaggerate the true resource costs of the policy. Again, if the EC imported more, production would shift from Europe, where climate and the abundance of capital make for reliable yields, to more marginal areas, where costs may usually be low but crops are more likely to fail. Such qualifications are important and need careful analysis. However, as the trend for the EC to increase its own production in relation to consumption is sustained, these arguments offer only a diminishing defence for the damage done to some third country exporters.

One group which may benefit from existence of food supplies in excess of EC needs are those countries which receive food aid. Such aid has been offered mainly in the form of cereals or milk powder. The full effects of food aid are complex but some points can be noted. For other agricultural exporters, who may themselves be Less Developed Countries (LDCs), much depends upon whether the aid is truly 'additional'. If it is, then by encouraging a higher level of economic activity in the recipient country it may even foster further 'commercial' food imports. However, if food aid substitutes for other supplies, its effect on other exporters will be negative. If aid leads to lower prices for farmers in a

recipient country it may discourage local production and reduce the incentives for government to invest in agricultural infrastructure. The net food availability in the recipient country may be little better in the short run and, in the long run, could be distinctly worse. Generalisations of this nature are warning flags. So much depends upon the details of how food aid is used that it is proper to be cautious about its benefits, whilst recognising that in some situations of acute need it plays a very positive role.

The problems which the CAP presents for the rest of the world have led to a variety of special arrangements with particular third countries. Of these, the most far-reaching has been the Lomé Convention, signed with former dependencies of EC countries in Africa, the Pacific and Caribbean Region (ACP). This agreement gave the signatories limited access to EC markets for some export products. The section on beef shows how tightly drawn were these terms and how disappointing the benefits to ACP countries. Special treatment has also applied to some imports from the Mediterranean and New Zealand. Here again, limited concessions have given some access to the EC agricultural market on terms which are intended to ensure that the CAP price level is not threatened.

Despite many official claims to the contrary, the CAP remains an inward-looking policy, protecting EC farm interests and the historic balance between EC member-countries. The system as a whole is threatened by the continuing tendency for production to grow more rapidly than consumption. This damages third country exporters but it also requires the Community to finance growing subsidies. If it is unwilling to do so it must take politically difficult steps to cut its own production. Against this background, the Commission has recognised that EC prices will need to be brought closer to world levels. If they are, then the CAP may come to play a less disruptive role in world trade.

### **The EC Beef Regime: impact on traditional exporters**

During the last decade the EC beef regime has had important consequences for international trade in beef through its effect on changing the balance of supplies and consumption within the Community market. It has become an increasing source of friction with many traditional third country exporters (such as Australia, New Zealand, Argentina and Uruguay), since not only has there been reduced import potential in the EC market, but an increase in competition on third country markets from EC exports. For developing country exporters, the beef regime is of particular interest as arrangements with respect to imports are highly discriminatory. They are organised through a number of multilateral or bilateral agreements based on quotas with concessions on variable import levies and tariffs.

As with cereals, the basic regulation for the Beef Regime, established in 1968, provides for a system of price support which attempts to keep Community market prices as close as possible to an agreed common price level

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**Table 4: Producer Prices for Fat Cattle**

	1974	1976	1978	1980	1982
	US\$ per 100 kg deadweight				
Australia	55.0	58.4	75.8	169.3	118.6
Argentina	162.8	92.7	90.2	201.8	136.8
US	166.6	154.2	211.3	268.5	259.6
France	210.7	261.5	332.5	397.7	331.4
West Germany	255.0	292.4	374.0	411.1	344.7
UK	149.2	180.6	243.0	344.0	326.4

Source: *EEC and World Prices for Meat and Livestock*, European Booklet 93/3, June 1983, Meat and Livestock Commission.

or guide price. The main mechanisms for internal market price support are intervention purchases and storage, private storage aids and export refunds. There is also protection from import competition by means of customs duties and variable levies. It is the totality of these measures which has succeeded in raising Community prices for beef substantially above prices in other traditional producing and exporting countries. Table 4 illustrates how producer prices for fat cattle in three major beef-producing countries of the Community (France, West Germany and the United Kingdom) have been consistently above third country prices. In 1982 they were over 25 per cent higher than in the US and more than double those in Australia and Argentina.

The effects of the regime have been to alter radically the Community's market balance. Growth in production<sup>1</sup> has outstripped that of consumption. Indeed, Table 5 shows that the Community has passed from being less to more

**Table 5: EC9/10 Production, Consumption and Self-Sufficiency—Beef**

	1970/74	1976	1978	1980	1982	1984f
	'000 tonnes					
Production	5822	6461	6383	6896	6664	6896
Consumption	6356	6519	6671	6750	6680	6760
Self Sufficiency (%)	91.6	99.1	95.7	102.2	99.8	102.0

Source: EC Commission, SOEC, MLC.

<sup>1</sup> In this respect, the dairy regime has also made a significant contribution, since much EC beef is derived as a by-product from the dairy herd.

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than self-sufficient since 1970. The structural surplus has been manifested in two ways: First, there has been an increase in intervention stocks, which for years ending 1981 and 1982 were 0.40 mn and 0.23 mn tonnes respectively. Second, exports to third countries have risen dramatically, peaking at 0.66 mn tonnes in 1981 and growing at an annual average trend rate of 30 per cent between 1977 and 1982. The EC has thus become the second largest beef exporter in world trade.

Although in principle, beef imports from any country may enter the Community provided that they meet EC animal health and meat plant hygiene requirements, in practice customs duties and variable levies make such trade commercially unattractive.<sup>2</sup> Imports, therefore, enter primarily through a number of concessionary schemes which the Community has been obliged to establish in order to preserve harmonious trading relationships. They involve a reduction in customs duties and/or variable levies for specified quota tonnages which are shown in Table 6.

**Table 6: EC Concessionary Import Scheme Quotas 1983**

	'000 tonnes
GATT (boneless beef)	50.0
Hilton high quality cuts	29.8
Balance sheet (frozen manufacturing beef)	60.0
Yugoslavia (baby beef)	54.0
ACP-EC (Lomé Convention)	30.0
Frozen boneless buffalo	2.3
Total	226.1

Of particular relevance to developing countries are the arrangements made under the Lomé Convention. Quotas for some 30,000 tonnes have been issued to Botswana (18,916 tonnes), Madagascar (7,579 tonnes), Swaziland (3,363 tonnes), and Kenya (142 tonnes). Zimbabwe also has recently been given an allocation of 8,100 tonnes, but cannot as yet supply the Community until EC approval is given on its animal health measures and abattoir hygiene. The ACP arrangements waive all customs duties on exports to the EC. ACP exports in addition only pay 10 per cent of the variable levy; the abated 90 per cent is charged as an export tax in the exporting country and is retained there. Hence ACP states realise approximately the EC producer price of beef for that sold into the Community. Given the difference between EC and world market

<sup>2</sup> For example, in April 1982, the EC import price for frozen carcasses was \$1,295 per tonne, whilst the gross levy payable on those imports (in addition to 20 per cent customs duties) was \$1,657.



prices, it is obviously a highly valuable market for ACP beef producers and a significant contributor to export earnings.

The circumstances surrounding the ACP beef arrangements are, however, not without problems. First, at the insistence of the EC, in order to ensure adequate controls on endemic exotic foot-and-mouth disease, a system of cordon fences has been erected in Botswana. It also seems probable that some fencing may be necessary in Zimbabwe. These fences are now coming under increasing criticism from the conservation and ecological lobbies as they impede game animal migration.<sup>4</sup> It is indeed unfortunate that the very prerequisite for entry to the EC market should have become an object for EC complaint. Second, to meet EC approval, export abattoirs must attain high standards of hygiene, and those in Botswana and Zimbabwe are superior to many in the EC. The costs of slaughtering in export abattoirs is in consequence high. Such costs are sustainable whilst ACP producers receive EC prices. But when outbreaks of endemic foot-and-mouth disease lead to EC restrictions on imports, as in Botswana during 1980 and 1981, then those countries are forced to export to other markets, where realisations are much lower. Slaughtering costs are then disproportionately high. In the longer term, it is also questionable whether investment in developing country livestock industries ought to be geared to EC price levels which are considerably out of step with those in alternative export markets.

Faced with increasing costs of intervention storage for beef, the Community has pursued the lower cost alternative of surplus disposal by export refunds. These, it argues, are a necessary consequence of its policy of generous concessionary import quotas. Export restitutions, however, have given rise to acrimonious criticism by traditional exporters within GATT and accusations of unfair EC competition. Since 1977, EC frozen beef has been exported in large quantities to the USSR, Egypt, Poland and other Eastern European countries. Live animal exports have expanded to Libya, Tunisia and Egypt, providing indirect competition for traditional beef exporters. ACP exporters have been faced with EC competition in their regional market. Botswana, for example, attributes much of its loss of the Angolan market to competition from EC intervention stocks.

The EC has, in a more subtle way, also increased the pressure of competition for third country exporters through the process of Community enlargement. Greece, a substantial beef importer, now receives virtually all of its imports from EC countries, whereas they were formerly supplied by Argentina and Oceania. The accession of Spain and Portugal during the later 1980s will create similar problems for their traditional South American suppliers. Although the GATT quotas are adjusted to take into account the historical basis of such traditional supplies, nevertheless they do not make provision for

<sup>4</sup> 'Barriers that must come down', S Johnson, Member of the European Parliament, *The Times* (London), 23 May 1983; 'The Fences of Death', M and D Owen, *African Wildlife* 34(6) 1979.

any share in the growth in import volume which may occur following Community membership.

Budgetary pressures have prompted a need for reform within the CAP. The latest set of proposals however, with regard to beef, are aimed at budgetary cost cutting rather than supply restraint, and on a more stringent determination of balance-sheet import quotas for manufacturing beef.<sup>4</sup> The EC structural surplus of beef is expected to persist into the late 1980s.<sup>5</sup> Hence, in international trade, the best that traditional exporters can hope for is some reduction in competition from EC frozen beef on third country markets. There would, on the other hand, appear to be little prospect for any liberalisation of the EC import arrangements.

### **The Cereals Regime and the Community's External Relations**

This section outlines the basic details of the Cereals Regime, assesses the effects and implications of the Regime and considers possible future developments. It does not give full details of individual regulations.

The Cereals Regime forms one of the foundation stones of the CAP, created under Regulation 18 of 1962 and coming into effect on 2 July 1962. Under this first Regulation, common prices for cereals were set throughout the Community, support buying mechanisms (Intervention) for the internal market created, and a system of minimum import prices (Threshold Prices) and variable levies set up to give protection against imports. This basic system, although it has been modified by later Regulations (particularly 2727/75) remains intact and still forms the framework for the present regime.

The Community faced two fundamental problems which, because it failed to tackle them adequately at the outset, have been the root of many subsequent difficulties: stagnating consumption, structural surpluses, budgetary constraints, and trade conflicts with third countries. These two problems were (a) a variance in the level of existing support prices within the original six member-states in 1962, ranging from very high prices in Germany to relatively low prices in France, and (b) a relatively low world price outside the Community dominated by the large surpluses of grain in the US during the 1960s.

Faced by the problem of achieving a common Community support price out of the six different levels operating in 1962, the original six states spent over two years arguing about the most appropriate common level. In the meantime, transitional levies refunds, finally phased out on 30 June 1967, were imposed on grain moving between member-states. In 1964 agreement was finally reached. German prices, the highest in the Community, were to be reduced

<sup>4</sup> *Common Agricultural Policy—Proposals of the Commission*, Com.(83)500 final EC Commission 28 July 1983.

<sup>5</sup> 'The EEC Beef and Veal Policy—The Commission Perspective' in *EEC Beef and Veal in the Mid-1980s*, Bletchley, England: Meat and Livestock Commission, 1983, p 6.



over the transitional period to a slightly lower common level whilst French prices were to increase. During the transitional period, farmers in the high price countries were given degressive compensatory payments. In fact, subsequent negotiations established the German price as the norm and, as a result, no price reduction took place. All Community farmers simply moved to this higher price plane. With regard to external world prices, the Community sought protection from imports rather than a gearing of its level of production to world conditions via a closer price relationship. The effects of these two major decisions have been fundamental to the development of the CAP and its effects upon internal and external markets. These effects will be considered below, after a brief summary of the main policy instruments.

The cereal marketing year runs from 1 August each year, with a new set of support prices taking effect on that day. There is an Intervention Price for all major types of cereals. This is the delivered price at which the Community authorities are obliged to buy all grain offered to them which meets the minimum quality standards. Feed grains share a common intervention price and there is a separate price for wheat of bread-making quality. The intervention price is meant to set a floor in the market. The Target Price for cereals is a notional indicator price for EC producers. In other words, it is not guaranteed but is meant as a pivot around which the Community's market will work. It is set above the intervention price. As a price barrier to third country imports there is the Threshold Price. This minimum import price is fixed by deducting a transport differential to cover costs between Rotterdam and the Ruhr (respectively the Community's major port and deficit areas). On a daily basis the Commission calculates a levy which covers the gap between the world price for grain offered to the Community and the threshold price. If world prices were to rise above Community price levels, as happened briefly in 1974-5, then a mechanism exists to impose a levy on Community exports. However, the more normal practice is the granting of an export refund by weekly tender to cover the often substantial gap between Community and lower world price levels. It is the size of this subsidy, the timing of sales, and the growing volume of exports which is the root of much of the conflict with the US, Australia and Canada.

The major effects of the Cereals Regime have been a sharp rise in production and a severe curb upon the consumption of cereals. This has led to mounting structural surpluses of cereals, and a growing volume of exports. The high prices have encouraged a substantial increase in imports of derivatives and non-cereal ingredients for animal feeding. The significance of these changes can be illustrated by the following summary statistics. Total production of grain within the Community has risen from an annual average of 74 mn tonnes in 1960-4 to 125 mn tonnes in the early 1980s. This overall production increase of 69 per cent is composed of a 79 per cent increase in wheat, a 160 per cent increase in maize and a 75 per cent increase in barley. Maize and hard wheats

are now the only cereals in which the Community has a deficit. There is still no sign that these increases have peaked, indeed they have gathered pace during the late 1970s and early 1980s. At the same time animal feed usage has stagnated at round 70 mn tonnes. With human consumption increasing only slowly, this extra production has been transferred into higher stock levels and a greater volume of exports. At the end of the 1982-3 marketing year, the Community's 11 mn tonne carry-over stock of wheat was almost double that of 1981-2. As a result, special internal measures for additional breadmaking intervention and the subsidised incorporation of wheat into animal feed have had to be announced. EC exports of wheat have grown from 5 mn tonnes in 1977-8 to over 13 mn tonnes in 1981-2. In the 1982-3 crop year, wheat exports were held down to 12.3 mn tonnes to avoid conflict with the US.

Imports of all types of cereal derivatives and non-cereal feed ingredients have increased rapidly since the mid-1970s, eg. soya products from 12.5 mn tonnes in 1974 to over 19 mn tonnes in 1982; maize gluten from 900,000 tonnes in 1975 to almost 3 mn tonnes in 1982, and manioc from 2.2 mn tonnes in 1975 to peak at 6 mn tonnes in 1978. Current annual manioc imports are running at more than 5 mn tonnes. The reason for these increases in imports is the price competitiveness of many of these products compared to cereals. Most of them pay no levy or a duty limited under the terms of GATT. The advantageous position enjoyed by these products was created under earlier trade negotiations, eg. the Kennedy Round, when they were obviously not perceived as a serious threat to the EC cereals market. Faced by the current scale of imports, the Commission are seeking to limit them. A voluntary restraint programme has been negotiated with Thailand (the main supplier of manioc) and the Commission is threatening to be far tougher over quality standards and customs classifications. Levies on brans have also been increased. Levies on maize gluten are bound at zero, and the EC is negotiating to change this at present. However, since the main supplier is the US, progress is slow. A tax on soya has been suggested but would almost certainly lead to conflict with the US.

As a result of these developments in its Cereal Regime, the Community now faces three major problems:

- 1) The cost to the EC budget of holding large cereal stocks and providing expensive export subsidies;
  - 2) Conflict with major developed cereal exporters, particularly the US, and with the exporters of cereal substitutes;
  - 3) Possible damage to the economies of LDCs, either by limiting their EC-bound feed exports, by disrupting their developing grain sectors by subsidised exports or by frustrating their sales of cereal substitutes to Europe.
- These problems are interlinked and need to be dealt with by an integrated policy programme. The Commission recognises that it must attune EC production and prices more closely with world market conditions and avoid



trade conflicts. These affect both developed and developing countries, not least because a trade war with the US would almost certainly damage LDCs by disrupting world trade. In its relationship with the developing world, the Community also needs to adapt its cereals regime if it is to assure LDCs a share of the EC feed market and to devise an adequate aid programme which does not limit the emerging productive capacity of LDCs. There is no indication that such an integrated policy will emerge in the short to medium term. As a result, the Cereal Regime is likely to continue little changed—a policy born in the 1950s, designed for the 1960s, and now held together by a series of *ad hoc* measures.

Both the Cereals and the Beef Regimes demonstrate the need for the CAP to be modified. However, the development of agricultural policy is not simply a matter of economic or agricultural technicalities. As the Commission has said in its most recent set of proposals, 'To make adjustment is not a technical matter; it is a question of political choice'.<sup>6</sup> In such political choices the existence of a consensus on wider issues, which, in the 1950s and 1960s, seemed to condemn Europe to make a success of the Community, is of profound importance. The need to change the CAP stems from its internal effects and cost as well as from the threat it poses to the Community's relationships with the rest of the world. The ability to change successfully, in a way which responds to the needs of the Community and the world in the 1980s, will be a test of the importance its members attach to the survival of the Community itself.

<sup>6</sup> Com.(83)500 final, *Common Agricultural Policy—Proposals of the Commission*, para. 8.2.

## **The Future of East-South Trade after UNCTAD VI**

UNCTAD VI emphasised the peripheral position of the Soviet Union and Eastern Europe in world trade. The major proposals for changes in the institutions of world trade, aid and finance, foundered on the intransigence of the developed market economies, not on the caution of the Soviet position. Neither is it easy to imagine any Soviet initiative which would have been both realistic and effective in producing a consensus between the North and the South. Only a major programme of concessions by the Soviet bloc would have stood any chance of producing an important shift in the position of the developed market economies, and even then there would have been no certainty of that result. Such speculation is doubly hypothetical, for most countries which are members of the Council for Mutual Economic Assistance (CMEA) have neither the interest nor the ability to make such concessions. Whether or not UNCTAD will survive, whether or not it is replaced by more specialised, perhaps localised, forums, it is clear that CMEA support for the Group of Seventy-Seven (G77) proposals is almost wholly irrelevant to their success.

In the light of the failure of UNCTAD VI, following on from the unsuccessful UNCTAD V, and the disappointing UNCTAD IV, this is an appropriate time to ask what exactly are the benefits for the Third World in trading with CMEA states, to ask why such states are reluctant to make concessions in international trade negotiations, and to ask what is the likely course of future East-South economic relations. We do this by first asking two further questions: what is the role of trade and aid in centrally planned economies, and what are the interests of CMEA members in trading with the South. We then examine the CMEA position at UNCTAD VI, and relate it to the positions taken by the group at earlier meetings. From this we deduce the group's probable position in any future negotiations and discuss the advantages and disadvantages of trade with the East.

### **Trade and Aid in Centrally Planned Economies**

The traditional description of the role of foreign trade in a centrally planned economy (CPE) was extremely simple, and could be encapsulated in the phrase 'barter of residuals'. Imports, so the story ran, were intended to fill the gaps in what would ideally have been a virtually autarkic system. Exports were simply

the goods which were surplus to domestic requirements, and were scraped together to pay for imports. It really mattered very little what was the provenance of imports or the destination of exports, and, as hard currency was scarce, bilateral clearing agreements were extremely common.

Whatever truth there might have been in this description, applied to the Soviet Union under Stalin, it is a very misleading categorisation of CPEs today. Not only are the smaller CPEs of Eastern Europe much more trade-oriented than the Soviet Union, but in all CPEs trade has been long accepted as an important growth factor—though from a supply-constrained not a demand-constrained viewpoint. Even before the creation of the CMEA, trade had become an important thread binding Eastern Europe to the Soviet Union. Over time this intra-bloc trade pattern has been reinforced and sustained by, amongst other factors, an inability to produce goods of sufficient quality for sale outside the bloc to satisfy the bloc's demand for hard currency to purchase Western imports, and an intricate system of tariff and non-tariff barriers to trade.

Partly as a response to these difficulties in trade with the West, partly as an attempt to expand markets for their exports, and to diversify their sources of raw materials, CMEA states in the last decade have shown increasing interest in trade with the South. However, the level of such trade has not been as impressive as the parties had hoped. By 1980, trade with developing countries accounted for only 19 per cent of CMEA exports, and 16 per cent of imports. Admittedly starting from a very low level, trade with the South has become important only for Romania and the Soviet Union. For the South, apart from India, and some of the larger Middle Eastern states, trade with the East has remained of minor importance. Not only that, but in the main it has exhibited a very traditional pattern. The South trades raw materials, fuels, food and some semi-fabricates, for industrial products, particularly machinery. Capital flows from the East to the South have been minimal, and have often taken the form of self-liquidating loans, whereby turnkey plants have been paid for by the export of a proportion of their output. Provided, of course, that the price of the plant and its output are acceptable to the developing state, this form of medium-term capital investment has clear advantages over more traditional forms of capital inflow. But, as we shall see below, the East's record on aid is less satisfactory, and generally compares unfavourably with Western efforts.

While initial contacts between the East and the South almost invariably involved bilateral clearing arrangements, in recent years this system has rapidly changed and been replaced by clearance in convertible currencies. This has clearly been of benefit to both parties, just as the initial clearing arrangements also recognised their mutual interest in avoiding the use of scarce foreign exchange. But at a global level the near-universal change to settlement in convertible currencies has probably been of more advantage to the East. Desire for Western goods, coupled to difficulties of selling on Western

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## FUTURE OF EAST-SOUTH TRADE AFTER UNCTAD VI

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markets, has often meant a CMEA deficit in trade with the West. That deficit has been financed in the past by borrowings on Western capital markets, and by convertible surpluses in trade with the South. As Western capital markets have been progressively closed to Eastern borrowers, the importance of such surpluses has increased.

When we come to examine the mutual interests of the East and the South in international trade negotiations, the foregoing description should prepare us for the judgement that they are rather limited. Just as increased access to Western markets unites the otherwise potentially disparate interests of the newly industrialising states with those of the remaining members of the G77, so it does the East with the South. The same applies to any other issue where the East might be included in any Western concessions to the South. The reverse applies to any issue where the East would be included with the West as a donor rather than a donee.

### UNCTAD VI from the CMEA Viewpoint

We can begin to analyse the Soviet and East European position on UNCTAD VI, and to relate it to earlier policy stances, by disposing of two potential but actually unnecessary complications. First, in what follows any reference to a CMEA position should not be construed as including Romania. Although a member of CMEA, Romania has pursued an independent foreign economic policy for the past two decades. Nowhere has this been clearer than in UNCTAD negotiations, where Romania, after a long and vigorous campaign, finally joined the G77 just before the 1976 UNCTAD IV conference. Long before that meeting Romania was a vociferous supporter of the Group, and membership was an important step in its campaign to be recognised as a developing country.<sup>1</sup>

Second, in terms of UNCTAD meetings, we can speak of *the* Soviet and East European position, for not only have the Group D states issued joint policy statements and maintained a largely united stance, but it is difficult to see why they might have wanted to have differentiated their positions. Thus although the group position is clearly the Soviet position, and we have no information on what, if any, tensions have arisen in the development of the position, this is of no importance for it is clear that Group D policy is of direct advantage to all of its members.

### Finance and Aid

On the first of the three issue areas of crucial importance to the South, the East was either impotent to help, or claimed that their current trading practices met,

<sup>1</sup> The Romanian strategy is analysed in Colin W Lawson, '“National Independence and Reciprocal Advantages”: the political economy of Romanian-South relations', *Soviet Studies*, 35(3), July 1983.

or more than met, the South's requirements. On the requests that the IMF increase its quotas and its SDR allocations, sell a significant part of its gold stock to finance the poorest developing countries, and increase its compensatory financing facility, the CMEA states, as non-members, were powerless to oblige. In response to suggestions for a new framework for dealing with external debt, the South was offered little more than the spectacle of ritual hand-washing. Certainly, no one could seriously claim that CMEA states have any responsibility for the debt problems of the South. Equally, no one could claim that the smaller East European states are in a strong position to incur extra debts at the expense of the South. Even so, some token concessions might have been expected from the Soviet Union, though in the past it is only fair to point out some willingness has been expressed, particularly by Hungary, to engage in bilateral discussions on debt relief.<sup>2</sup>

On the vexed question of aid, a curious *volte-face* occurred. In the past the East has totally rejected any suggestions that a predetermined proportion of GNP should be devoted to foreign aid. At UNCTAD IV the group, in their joint statement, argued that 'it [is] unfounded to appeal to [us] to share the responsibility and material costs of eliminating the consequences of colonialism, neo-colonialism and the trade and monetary crisis of the capitalist economy'.<sup>3</sup> As the problem was caused by capitalism and imperialism, 'There can be no ground whatsoever for presenting to the Soviet Union and other socialist countries the demands which the developing nations present to the developed capitalist states, including the demand for a compulsory transfer of a fixed share of the gross national product to the developing nations by way of economic assistance'.<sup>4</sup> A similar angry denial of responsibility followed the re-presentation of the aid demands at UNCTAD V, and during the 1980 Eleventh Special UN Assembly.

During 1982 the response to aid demands changed. In a speech to the Thirty-seventh Session of the UN General Assembly, A A Gromyko stated that 'As to our participation in rendering assistance to the newly-free states in overcoming their backwardness, the Soviet Union does not do less but more than any industrial capitalist country'.<sup>5</sup> However, even Soviet authors display some caution in dealing with this remarkable claim. For example, Samorodov is quick to hedge the claim by arguing that 'The socialist countries do not compete

<sup>2</sup> See C W Lawson, 'Socialist Relations with the Third World: a case study of the New International Economic Order', *Economics of Planning* 16(3) 1980, for a general discussion of this issue.

<sup>3</sup> Joint statement by the Socialist Countries at the Fourth Session of the United Nations Conference on Trade and Development, p 14; in supplement to *Foreign Trade* (September 1976).

<sup>4</sup> 'On the Restructuring of International Economic Relations'; statement by the Soviet Government to K Waldheim, UN Secretary-General, 4 October 1976, *Foreign Trade* (December 1976), pp 2-5.

<sup>5</sup> Quoted in A Samorodov, 'UNCTAD VI: monetary and financial problems', *Foreign Trade* (May 1983), p 41.

with the industrial capitalist countries on the matters of rendering assistance for development purposes. The qualitative difference between the Western countries' aid' and the socialist countries technical and economic assistance . . . makes their quantitative comparison impossible'.<sup>6</sup>

Other statements have been less cautious. Submitting a proposal to UNCTAD on behalf of the Group D countries, the East German government claimed that 'the total net volume of the aid furnished by the socialist countries to developing countries is far higher, as a percentage of gross national product, than that furnished by developed market-economy countries'.<sup>7</sup> No percentages are quoted in the above document, but in other UN documents the USSR has claimed that it 'disbursed 1 per cent of GNP in net aid during 1976-80, with the net aid/GNP ratio at 1.3 per cent in 1980. Separately, the GDR claimed to have disbursed 0.78 per cent of "national income" in net aid in 1981'.<sup>8</sup>

As with many questions of measuring aid, there is rather more involved in testing these claims than is immediately apparent. Neither Soviet nor East German sources have stated the precise methodology used to derive these results, but it seems clear that it is not the same methodology as that used to calculate Development Assistance Committee (DAC) members' contributions. The issue is complicated by several factors. First, the recipients of the bulk of CMEA aid are Cuba, Mongolia, Vietnam, Laos, Kampuchea and Afghanistan. The Soviet Union is, of course, quite open about the reasons for this. In an authoritative article written shortly after UNCTAD V, Bogomolov stated that 'the socialist countries' cooperation with the developing world . . . is mainly extended to those countries that are most active in the national liberation struggle and have embarked on progressive political development'.<sup>9</sup>

In addition to the main aid recipients noted above, Bogomolov singles out Iraq, Angola, Mozambique, Syria and Ethiopia as worthy of support. The concentration of aid flows to a handful of recipients, does not in itself complicate the assessment of the value of the flows. What complicates the assessment is the fact that many of the recipients are embryonic centrally directed economies, which implies that it is difficult to be sure that world market prices are used consistently in trade between themselves and other CMEA members. If world market prices are not used, then implicit subsidies are involved: subsidies which depend upon the deviation of actual from world market prices. And as the former price data is very difficult to acquire, so a reliable estimate of the implicit subsidies is exceptionally difficult to make.

A second problem with assessing comparative levels of aid arises because of the different levels of concessionality and tying of aid. A recent Foreign and

<sup>6</sup> *Ibid.*, p 41.

<sup>7</sup> German Democratic Republic: UNCTAD, TD/L.230, 18 June 1983, p 11.

<sup>8</sup> Foreign and Commonwealth Office, 'Soviet, East European and Western Development Aid 1976-82', Foreign Policy Document No. 85, 1983, summary.

<sup>9</sup> O Bogomolov, 'CMEA and the Developing World', *International Affairs* (Moscow) July 1979, p 32.



Commonwealth Office report concludes that 'Western aid commitments in 1981 carried an average grant of 90 per cent, and 97 per cent for the least developed [states]. Only 37 per cent of Western aid was tied . . . The grant element of Soviet and East European aid was below 82 per cent and 79 per cent respectively in 1982. Virtually all . . . was tied'.<sup>10</sup> The same report, in findings which are consistent with DAC research, concludes that in 1980 the Soviet Union's net aid to GNP ratio was 0.19 per cent, and the GDR's ratio was 0.17 per cent in 1981. Moreover, in 1981, although there was a positive flow of resources from the CMEA to Cuba, Mongolia, Vietnam, Laos, Kampuchea and Afghanistan, because of aid repayments, the flow of net aid to all other developing countries, viewed as a group, was negative.

### Commodities

The most optimistic hopes of the G77 on this issue were that UNCTAD VI would hasten the ratification of the Common Fund so that it could become operational by January 1984; that it would encourage the implementation of the Nairobi Integrated Programme for Commodities; that negotiating conferences would be organised which would lead to agreements for cotton, copper, tin and hard fibres, and that preliminary negotiations would begin for other commodity agreements. Because of the lengthy delay in the ratification of the Common Fund, the UNCTAD Secretariat had put forward an interim Immediate Action Programme. This programme was aimed at keeping commodity prices within pre-set target ranges using buffer stocks and supply management. The price ranges were to be taken from the existing commodity agreements or to be derived from the average of the ten years to 1982. The programme was to be funded by multilateral institutions, financial markets and trade levies, rather than by the national governments who were seen as the main contributors to the Common Fund.

Although on this issue nothing of significance emerged from UNCTAD VI, it is worth noting that CMEA states showed no more enthusiasm for the proposals than did the market economies. In this, they have maintained a consistent position since the programmes were first mooted at UNCTAD IV. At that meeting they conceded that developing countries might reasonably ask for improved terms of trade, but they demanded that participants in commodity agreements should be free to choose whether to contribute to the provision of buffer stocks, or to sign bilateral long-term agreements. As most CPE-LDC commodity trade, though by no means all, is governed by such agreements, this would have reduced the cost of the Integrated Programme to CMEA members. Obviously there would still have been a cost, for not only are substantial purchases made through international commodity markets, but clearly developing countries might have been rather reluctant to commit themselves to

<sup>10</sup> FCO, *op. cit.*, summary

long-term agreements where prices deviated substantially from the ranges of the main Integrated Programme agreements.<sup>11</sup>

The current Soviet position on the development of commodity agreements has been carefully stated by Polezhayev, in the house journal of the Soviet Ministry of Foreign Trade. He states that 'the USSR's participation in international commodity agreements . . . will, as before, be decided in every concrete case with due regard for a just balance of the rights and obligations of the participants in agreements'.<sup>12</sup> Moreover, he argues that when it comes to calculations of national contributions to agreements, because of the 'planned, long-term and stable basis of intra-CMEA trade', it should be excluded for purposes of calculating interest in an agreement. It is clear from the article, and from other sources, that CMEA states have scarcely a minimal interest in extending the scope of commodity agreements—certainly no more interest than market economies.

### Trade

It is perhaps in the general area of trade policy that the most ambitious long-term proposals of the G77 were made. These proposals, elaborated in draft UNCTAD resolutions, called for reduced protectionism on the part of the developed states; demanded improved facilities for structural adjustment; called for more generous GSP concessions and suggested that not only should UNCTAD monitor progress on these issues, but that it should also formulate the principles and rules for a new international trade system.

Taking the issue of protectionism first: when trying to evaluate CMEA statements it is crucially important to bear in mind two related points. First, with the exception of part of Hungarian foreign trade, all CMEA members make centrally managed trade decisions. Not only is the domestic user of an imported good separated from the foreign supplier by the administrative organs of the Ministry of Foreign Trade, but external and internal prices may bear only an erratic relation to each other. The final, and indeed often the initiating decision to import, lies with the ministry or its foreign trade organisations. Thus domestic consumers, both final and intermediate, cannot be certain that their preferences will be reflected in the import bill. Neither can foreign suppliers be assured that their price signals penetrate into the domestic CMEA market.

The second point follows from the first. The existence of detailed external tariff systems in CMEA states, indeed the existence of GSP and other schemes of tariff concessions, in no sense implies that the recipients of such concessions can look forward to increased sales. Whether we view such tariffs as window dressing, sham bargaining counters, or convenient devices to tax the surplus of

<sup>11</sup> See Lawson (1980), *op. cit.*

<sup>12</sup> V Polezhayev, 'UNCTAD VI: some problems in commodity trade', *Foreign Trade* (April 1983), p 22.

the domestic economy, is immaterial. Only a signed agreement for increased imports, at an enhanced price, might signal a concession. 'Might', because even then we would want to be sure that any balances could be cleared in convertible currency.

In the light of these points, some CMEA statements read rather oddly. A statement submitted by Czechoslovakia on behalf of Group D argued that 'It is possible . . . to maintain the existing posture—that is, to continue the drift towards protectionism, discrimination and managed trade, or to attempt to discontinue and eliminate the protectionist measures and practices which unnecessarily inhibit trade and to evolve responsible, more liberal . . . policies. The socialist countries favour the second option'.<sup>12</sup> What is being suggested is that developed market economies should lower tariff and non-tariff barriers to both developing states and CMEA members. This view is supported by the statement of A Manzhulo, a Soviet Deputy Minister of Foreign Trade, who indicates that claims by developing countries for special status, and for reduced discrimination 'should be considered in the context of the overall problems of principles, rules and norms of international trade'. He would be happier if 'UNCTAD's efforts could be concentrated on evaluating how the established principles and rules are being observed . . . [and] on identifying the actual difficulties, processes and causes hindering the normal development of international trade with due regard for the interests of all nations, those of the developing states particularly'.<sup>14</sup>

This clear desire to introduce the question of discrimination in East-West trade into UNCTAD discussions is a theme which runs back at least to UNCTAD IV, and links in with the issue of UNCTAD's role amongst international agencies. Manzhulo criticises some Western countries for wanting no more discussion of East-West trade in UNCTAD. Indulging perhaps in wishful thinking, he calls UNCTAD 'a universal trade agency', adding that 'Any possible reorganisation of the UNCTAD should be aimed at raising its efficiency as a universal trade and economic forum'.<sup>15</sup> This statement precisely echoes the concerns of the Soviet Minister of Foreign Trade, N S Patolichev, seven years earlier at UNCTAD IV, when he said that 'we . . . do not opt out [of] a possibility of transforming [UNCTAD] into a World Trade Organisation, with its terms of reference covering also GATT problems'.<sup>16</sup> At that time Western opposition to the proposal was based in part upon the view that such matters were better dealt with through the GATT, in part upon a reluctance to discuss such issues in a forum where their economic power would not be reflected in a preponderance of votes. LDC opposition reflected a reluctance to

<sup>12</sup> Czechoslovakia: UNCTAD TD(VI)/C.2/CRP.1, p. 5.

<sup>14</sup> A Manzhulo, 'The 6th UNCTAD Session: objectives and tasks', *Foreign Trade* (April 1983), p. 19.

<sup>15</sup> *Ibid.*, p. 20.

<sup>16</sup> N S Patolichev, statement by the Head of the USSR Delegation to the Fourth UNCTAD Session, p. 9; *Foreign Trade* (July 1976), pp. 2-9.

allow discussion of issues which would distract attention from their own problems. It is possible that developing countries might now be willing to support the CMEA on this issue—as a way of broadening the constituency of those willing to give UNCTAD executive authority. However, as on all other issues, the opposition or indifference of the developed market economies has doomed the proposal.

### Conclusions

In this paper it has been argued that the aftermath of UNCTAD VI provides an appropriate opportunity to assess the state of East-South economic relations. For both partners, the economic exchanges which generally began less than two decades ago, provided a convenient alternative to, in one case, continued dependence upon traditional export markets, in the other, the vicissitudes of trading with political opponents. The development of East-South trade has been less spectacular than the parties hoped, and this to a large extent is the responsibility of the East. Responsibility, only in the sense that its exports of manufactured goods and machinery proved less attractive than it had hoped, and that its own traditions of group self-sufficiency militated against any important integration with the South, through specialisation. Thus, the trade pattern between the two blocs has remained very traditional, and as the South's manufacturing capacity increases, this will not only place a brake on direct exchanges, but will lead to increased competition in third markets. In contrast to earlier sanguine expectations for East-South trade, by the end of the 1970s Bogomolov was regretting that the CMEA share in the South's trade 'has not yet, however, become a stable enough trend and tends to fluctuate greatly in response to the world market'.<sup>17</sup>

In the period since exchanges began, the Soviet Union's attitude to the South has undergone a radical change: from an almost blanket support for Third World states and independence movements, to a cautious, qualified position which sometimes approaches the agnostic. The UNCTAD negotiations of the past decade have provided a powerful stimulus to Soviet and East European thinking about the South. The consequence of this is an increase in the sophistication of Soviet analyses of the South, and the development of an acute sense of the issues on which the interests of the two groups coincide, but more importantly of those on which they diverge. In part, this recognition flows from a growing awareness of the heterogeneity of developing countries: a recognition which has led to a rejection of the previous orthodoxy that the East and the South were natural allies. It is in the light of this reassessment that Bogomolov has written, 'The relations between socialist and developing countries do not rest on the principle of socialist solidarity, since the majority of the developing

<sup>17</sup> Bogomolov, *op. cit.*, p 27.



countries are developing along capitalist lines and only a few have taken a socialist orientation. There are no grounds, therefore, to claim the presence of class solidarity between them and the socialist countries'.<sup>18</sup>

If it is true that at UNCTAD VI the G77 presented less ambitious proposals, and presented them in a less antagonistic manner, to win minimal but tangible concessions, then the strategy failed. It is likely that at that time the power disparity between the North and the South was sufficient to exclude the possibility of a successful strategy. Indeed, it is doubtful that such an extensive, complicated global negotiation is the most effective way of pressing the Group's case. If in future such negotiations are conducted on a regional, even bilateral basis, the probability of concessions may be higher, for then individual developed states may be more willing to reveal their preferences, and spell out their own particular reciprocal demands. For negotiations with the East, such smaller scale bargaining is probably essential to win concessions. In specific group to group, or state to state negotiations, CMEA countries cannot adopt the 'bit part' roles they have been happy to assume at global negotiations. In addition, such bilateral negotiations can concentrate on the specifics of trade exchanges, in both monetary and physical terms, unhindered by such issues as tariff reductions or a restructuring of the world financial system, which have no direct impact on East-South trade. Should this occur, at least one positive development will have emerged from the Belgrade fiasco.

<sup>18</sup> *Ibid.*, p 24.

## **Is the North-South Dialogue Worth Saving?**

There is widespread agreement that the North-South negotiations of the past eight or nine years—since the first OPEC ‘shock’ generated a major effort by the Third World to establish a New International Economic Order—have largely failed, succeeding only in reaching a few cosmetic agreements (as with the Common Fund), while simultaneously wasting scarce resources and increasing cynicism and indifference among many of the participants. For example, Lance Taylor has recently described the Common Fund negotiations as a ‘fiasco’ and ‘a resounding failure’ and judgements of other negotiations on issues such as debt, monetary reform, and the various codes of conduct differ only in degree but not in direction.<sup>1</sup> And nothing that has transpired at (or since) Cancún or in the interminable efforts to reach agreement on global negotiations invalidates an assessment of failure.

Responsibility for failure cannot be attributed to one side alone, despite the evident willingness of each to do so. Indeed, progress has been and will be impossible until both sides recognise the need for reform. There is little sign that this recognition is growing—the learning curve from experience, even of persistent failure, has been very flat—and one hardly needs to add that the grim state of the world economy will surely continue to make the quest for cooperative agreements and the resistance to short-sighted national self-centredness extraordinarily difficult. Still, the possibility of at least some movement toward cooperation ought not to be rejected out-of-hand: conditions might improve enough to permit some progress, or they might worsen enough to make both sides reconsider current patterns of behaviour, or the fitful and ambiguous perception that prosperity for North and South is at least partially linked and interdependent might grow enough to generate support for new initiatives. In any case, while the current crisis—as well as pervasive fears about the future—has surely made it more difficult to compromise or to trade-off short-run losses for long-run gains, it is also true that fear, like the

\* I would like to thank Professor Ernst Haas and Professor Paul Streeten for very helpful critical comments on an earlier draft of this paper. I also benefited from a seminar discussion with Shahid Javid Burki of the World Bank. I am, however, solely responsible for what follows.

<sup>1</sup> See Lance Taylor, ‘Back to Basics: theory for the rhetoric in the North-South Round’, *World Development* 10 (4) April 1982, p 328.

fabled sentence of hanging, has concentrated some minds, if not 'wonderfully': there is some pragmatism where previously only a spirit of confrontation prevailed and even the strongest ideologues are now willing to contemplate some compromise of principle to avoid catastrophe. However, if we are to be able to take advantage of whatever opportunities do appear, it is imperative that we attempt to understand why previous negotiations have failed and whether genuine reforms of the negotiating process are in fact feasible.

There are two sets of factors that are primarily responsible for the failure to achieve much substantive progress in these negotiations. The first set involves the attitudes that each side has adopted toward the negotiations and the strategy and tactics that have been adopted as a result of these attitudes. The second set involves the structural problems of the negotiating process itself. We shall discuss these factors at length in subsequent sections, but a few preliminary comments are in order. In the first place, the two sets are linked: reforming attitudes and approaches without reforming procedures—and vice versa—is likely to be ineffective. In the second place, the bargaining system is not the only factor responsible for failure and many other factors have had some effect on particular negotiations.<sup>2</sup> Moreover, the bargaining system—both attitudes and procedures—did not exert the same effect on all issues and at all times; it was more important on some issues than others and it seems less consequential at the moment because the negotiating process is moribund and attentions are concentrated elsewhere (mostly on patching together a means of dealing with the debt crisis). Nevertheless, despite these qualifications, the bargaining system has exerted a strong, if differentiated, effect on most negotiations and this effect has been largely ignored in discussions of what needs to be done to correct past failures. In addition, even if pragmatism once again seems in vogue, the revival of the negotiating process is likely to engender the same attitudes and stumble over the same structural obstacles unless these deficiencies are repaired—and no such effort is under way.<sup>3</sup>

There are, of course, analysts who would reject any attempt to revive and reform the North-South negotiating system. Objections in this context range

<sup>2</sup> For example, one study lists as possible reasons for failure, bad strategy, bad tactics, poor timing, inadequate preparation, conflicts of interest, erroneous perceptions, conceptual inconsistencies, domestic political constraints—among others. But the study reaches no conclusion on relative weights and does not even discuss the bargaining system. See Arjun Sengupta (ed), *Commodities, Finance and Trade—Issues in North-South Negotiations*, Westport, Conn.: Greenwood Press, 1980, p. ix.

<sup>3</sup> I have excluded at this point a discussion of criteria of success for the negotiating process because of the limitation of space. In brief, one could rely on either the gap between initial aims and current outcomes or the cost of non-agreement to either party. These are helpful—and clearly suggest the South 'lost' the struggle—but inadequate because they reflect short-term judgments and the existing configuration of power; these suggest why the North 'won'. More useful, it seems to me, is whether learning took place (rethinking the existing game, considering new alternatives, profiting from mistakes), a more long-run issue. Here it can be said both sides seem to have lost, as the learning curve is very flat.

over a wide compass, from the ideological to the conceptual to the practical. Some of these arguments need to be seriously considered, if primarily to assess the extent to which they invalidate the North-South framework or, less decisively, the extent to which they necessarily imply certain reforms in that framework. We shall turn to that task in the next section. Before doing so, I want only to add that nothing in this paper should be taken to imply that North-South negotiations are 'the' key problem for the developing countries; other issues, especially the choice of development policies, may be much more important.

### On 'North' and 'South' as the Wrong Game

Radical analysts who have examined North-South negotiations have come to a familiar conclusion. Johan Galtung, for example, argues that 'if change is wanted, very little can be obtained through negotiations with the holders of power . . . by using the existing system or, rather, by relying on them, the results are already given.'<sup>4</sup>

But who then is one to negotiate with? If the response is some hollow rhetoric about national or collective self-reliance, one can only note that self-reliance, however defined, is at best a long-term goal with many, perhaps insoluble, problems of transition. This argument also ignores increasing patterns of dependence on the 'holders of power', as well as the fact that the transition itself, should it be undertaken, would probably require an increase in dependence to create the conditions for self-reliance. In any case, there is not much evidence that the quest for self-reliance (of either kind) is being taken seriously by Third World leaders or that increased dependence on other Third World countries is perceived as preferable to dependence on the developed countries. One needs also to emphasise that, while most of the gains from negotiating with the power-holders are surely unlikely to be revolutionary, it is not clear that they must be trivial or unimportant.

A second group, variously labelled as cynics or realists, argues that it is misleading to describe these negotiations as a failure simply because they did not achieve their stated goals. According to this argument, developing country governments do not really want or expect these negotiations to succeed: they want only a process and an institutional setting that provides some support for the useful contention that an unfair external system is directly responsible for many domestic development failures. Indeed, a genuine success might create more problems than it was worth, since it would probably require some difficult domestic reforms.<sup>5</sup> There is, unfortunately, an element of truth to this argument, but it is a dangerous half-truth since not all Third World govern-

<sup>4</sup> Johan Galtung, 'Power and Global Planning and Resource Management' in Anthony J Dolman (ed), *Global Planning and Resource Management*, New York: Pergamon, 1980, p 136.

<sup>5</sup> For one such argument, see Christopher P Brown, *The Political and Social Economy of Commodity Control*, New York: Praeger, 1980, pp 232-4.



ments are merely looking for a scapegoat and since some domestic problems are in fact the result of, or at least exacerbated by, external trends or events. In short, the ineptitude or corruption of some Third World governments should not be used to condemn the motives of all such governments, especially when the latter confront domestic and external problems of extraordinary severity. One might also add that cynical treatment of the negotiations is to some extent a consequence of, and not always a cause of, negotiating failures—having learned to expect little of substance from the negotiations, manipulation for domestic purposes is hardly surprising.

A more important argument, favoured for many years by US officials and a variety of analysts, is that there is not much point in reforming the existing negotiating system because it reflects and perpetuates a fundamental error: negotiating in a global North-South setting when both 'North' and 'South' are increasingly inappropriate labels. There is obviously a good deal of truth to this view, not only because differentiation is growing within the Third World coalition (from different growth rates, policy orientations, resource endowments, political commitments, etc.) but also because recent trends such as the flow of investment funds from South to North or the increasing ability of a number of developing countries to export advanced goods to both developed and developing countries has begun to undermine some of the key characteristics of the simpler North-South models. A speech by A W Clausen, the president of the World Bank, which criticised the North-South model and divided the world into eight economic 'poles', has given this argument new salience and a degree of legitimacy that it did not have when espoused primarily by officials of conservative developed countries.<sup>8</sup> Still, one needs to be careful in jumping from the idea of increasing economic differentiation to the notion that North and South are henceforth irrelevant terms. Put differently, it is well to remember that the category 'North-South' does not necessarily reflect the economic character of the issues or considered analysis of specific or general divisions of interest; rather, it reflects political and psychological judgments about the best (or hoped-for-best) means of exerting leverage on a negotiating process that includes both political and economic elements. This is not to say that these judgments are either accurate or useful—only understandable.

Many Third World leaders have seen, and continue to see, discussions of increasing differentiation within the South as thinly disguised attempts at divide-and-conquer tactics. Thus the Third World Forum has argued that differentiation:

is increasingly used to undermine the solidarity of the Third World... the heterogeneity of interests among developing countries is overemphasised and inflated by the North. If it is recognised that the core of present Third World struggle is economic

<sup>8</sup> Excerpts from the speech are in *Finance and Development* 19 (1) March 1982, pp 5-6. I should add that differentiation is growing in both internal (e.g., differing growth rates) and external (e.g. different interests on issues) dimensions.

decolonisation, the basic convergence of interests among Third World countries becomes apparent.<sup>1</sup>

The emphasis in recent trade negotiations on concepts such as 'selectivity' and 'graduation' has, in addition to compelling the advanced developing countries to reaffirm their solidarity with the other developing countries, escalated the suspicions generated by discussions of differentiation.

A response that merely denies the significance of differentiation or perceives it only as a Northern trick is clearly inadequate. Differentiation is an unsurprising and inevitable development within any coalition composed of so many disparate states; it is a fact that needs to be dealt with, not an illusion that can be eliminated by political rhetoric. The point is not merely that coalition with so many different interests, some of which are inevitably conflicting or divergent, has so much difficulty in establishing common positions that the result is frequently a shopping list of demands that is difficult to compromise and that provides small groups of dissidents with ample opportunity for blackmail—which, among other things, furnishes the Northern coalition with a built-in excuse to emphasise negative damage-limitation postures rather than a positive quest for mutually beneficial reforms and to turn to other settings and other processes for substantive negotiations. The point is also that some—not all—issues may, in an increasingly complex and differentiated world, be more effectively treated (i.e. yield more real benefits) either in narrower settings or as essentially—or initially—South-South issues. In the latter regard, one thinks of issues like the Multifibre Arrangement, where a key conflict was about apportionment of market shares within the South, or about the need for prior harmonisation agreements to avoid over-production of certain exports that the South seems likely to dominate in the future. Other issues are more ambiguous but at least suggest the need for extensive (and substantive) South-South negotiations prior to negotiations with the North; perhaps illustrative are issues like migration within the South and the quest for reforms in the debt settlement process—where interests diverge and where specific cases cannot be treated in global arenas but where also some broader considerations might be treated at the North-South level.

There is, however, another side to this argument. If denying the significance of differentiation entails substantial costs, it must also be said that group unity and the continuation of the North-South framework can—properly defined—also entail substantial benefits. In the first place, there are some issues in which the North-South divide and a global context are not inappropriate, which is to say, where negotiating as a unified group may be

<sup>1</sup> The quotation and further discussion is in Robert L. Rothstein, *The Third World and US Foreign Policy*, Boulder, Colorado: Westview, 1981, p 196. Note also the comment by the editor of *South* (London) March 1982 that 'Clausen would like to split the Third World because once disaggregated, its demand for structural change would be easily defeated'. He ignores the fact that the demand has already been defeated despite Third World unity—and in a period when Third World leverage was greater than at present.

useful. The Law of the Sea and other global common issues are examples, but even a narrower issue like investment guarantees or codes might best be handled in a general, rather than a particular, framework, if only to avoid competitive efforts to dilute the effect of new principles and practices. And even issues that might best be dealt with in narrower or more specialised settings, with negotiations primarily among countries with a strong interest in an issue, could profit from the requirement that any agreement reached should be exposed in some fashion to international accountability. In the second place, the North-South divide will not be superseded until the developing countries no longer foresee gains (not always economic) from retaining it or until they see an alternative that promises more. At the moment, some of the South, especially the poorest countries, still see group unity as their only bargaining leverage. And some of the advanced or richer developing countries also continue to see benefits in retaining the North-South framework, either because of political or psychological reasons (for example, fear of isolation from natural allies) or because of a desire to protect preferential access to both Northern and Southern markets.\* In present circumstances, it is far from clear that the Northern states are either able or willing to offer enough to offset these advantages, real or imagined, actual or potential. And the attempt to devalue or bypass North-South negotiations by the Northern countries, especially when they offer only lectures about the benefits of efficiency or the virtues of small-group negotiations, probably ends only by reinforcing it. One might add that the very structure of the UN system also tends to impose the North-South framework since the system requires some means of amalgamating interests and preparing proposals—if only to avoid chaos.

It should be clear that there are complex arguments and great uncertainties on both sides of the apparently simple and persuasive proposition that North and South are increasingly inappropriate labels. If differentiation continues, and if key Third World elites continue to deny its significance, Third World unity will be more and more difficult to achieve (except at a rhetorical level), package proposals that promise something to everyone and that are almost impossible to compromise sensibly will continue to dominate the agenda, and reforms of the negotiating process will be nearly impossible. These judgments could only be challenged by evidence that differentiation is not increasing, or that Third World countries will sacrifice national interests for group interests, or that the existing negotiating process somehow will produce benefits that have eluded it thus far—no such evidence has been provided, statements of faith apart. Conversely, since the existing system does provide some real psychic and political benefits and at least alludes to the possibility of major economic benefits—much more than could be expected from incremental bargaining—it is not likely to be abandoned unless a more promising and

\* For discussion, see *ibid.*, pp 25–30.

mutually acceptable alternative can be devised. One cannot reform the North-South process without the willing support of the great majority of the Third World—and persuasion will require more than speeches about oversimplified models.

There is no simple solution to these dilemmas. Nevertheless, several comments are worth making. If the structure of the North-South system is being *partially* eroded by new trends and developments, successful reforms must take this into account. This suggests two points. First, there must be a clearer sense of what is and what is not in fact a North-South issue (that is, best negotiated in global settings like UNCTAD). We shall discuss this point again at the end of this section. And second, the need is not to create 'pure' either/or categories for negotiations, which is probably impossible anyway, but rather to establish a relationship between negotiations among the few and the requirements of international accountability. Whether an agreement on this is indeed possible and what kind of compromises it might require will be discussed in a later section on reforms. To avoid misunderstanding, one final comment may be appropriate: the argument about differentiation does not imply that the factors that have held the South together in the past—some common interests, but also common problems, grievances, and resentments—are no longer important; rather, the argument is that, in a period when the need for agreement is urgent, when some conflicts cross bloc lines, and when conflicts within each group are increasingly severe, it is futile and dangerous to act as if these developments can be ignored.

There is another formidable criticism of North-South bargaining that needs to be taken into account. This criticism asserts that no real bargaining has taken place because bargaining presumes that each side has something of value that the other side seeks, but that in North-South negotiations this condition is not met because the South has little or nothing to offer—as someone has said, it is a process of all *quid* and no *quo*. And indeed I have argued elsewhere that the most salient aspect of North-South bargaining is how little genuine bargaining actually goes on.<sup>9</sup> But this is not all that needs to be said about the matter, since the crucial question is not whether little bargaining took place but why.

What needs to be understood is that the fact that little bargaining has taken place does not mean that North and South had nothing to exchange. The North—especially the large, conservative developed countries—did have specific and general goals on most of the issues in contention, but could not effectively pursue those goals in large part because of the strategy and tactics adopted by the South and because of the nature of the bargaining process. The Northern goals were, of course, much more gradualist and reformist than the goals of the South, but it is at least arguable that negotiations around *both* sets of goals—rather than one set—were worth pursuing in the hope of achieving

<sup>9</sup> Robert L. Rothstein, *Global Bargaining—UNCTAD and the Quest for a New International Economic Order*, Princeton: Princeton University Press, 1979.

mutually agreeable compromises.<sup>10</sup> As we shall see shortly, this was not possible; as a result, it was easy for the North to slip into a posture of 'damage limitation' and passive opposition, since its goals were largely ignored and the South's goals were largely unacceptable.

One cannot here lay out in detail the specific goals that the North sought. As a brief illustration, however, the case of commodities can be cited: the North, especially during the Carter Administration, viewed price stabilisation favourably, but not efforts to increase prices by indexation; commodity agreements were acceptable on their merits, although not the indiscriminate use of buffer stocks; trade liberalisation and improvements in compensatory finance could have been negotiated, although not in the forms demanded by UNCTAD; and 'a' common fund was possible, although not 'the' common fund sought by UNCTAD. In addition, access to resources and investment guarantees were crucial goals that were never adequately discussed in the negotiations, but which could have been traded-off for concessions on other issues. Furthermore, even when the North saw only short-run losses on particular demands, the North usually also saw other potential benefits that could or might have been used as compensation for losses: these included a desire to increase predictability and stability (especially in the debates on the various codes of conduct), a desire to keep the negotiating process going, and a desire to pursue more than economical goals, since political, psychological, and security values were also at stake. In short, while very little substantive bargaining has taken place, this was not primarily because there was nothing to exchange in the negotiations—a point that is likely to grow in importance if the sense of interdependence between North and South also grows, however difficult it may be in current economic circumstances. This is not of course to deny variations between administrations or issues (investment guarantees, for example, were less controversial than immediate deployment of industries to the Third World); rather, the point is that the assertion 'all *quid* and no *quo*' is much too simple.

There is, of course, another aspect to this issue. The intractable nature of the negotiating process was an important factor in obscuring or inhibiting the Northern attempt to achieve its interests, but it was not the only factor. The conventional model of North-South interdependence, which sees the South as a market that creates jobs and profits in Northern exporting industries—thus justifying resource transfers that increase purchasing power in the South—is true, as far as it goes, but it is also insufficient. Many complexities undermine the model's persuasiveness: the complementary interests are frequently dominated by the conflicting interests of small, but powerful, interest groups; the problem is compounded when the Northern coalition as a whole must

<sup>10</sup> Also worth noting is that the two sides do not need to be pursuing the same goals on the same issue or sharing identical interests—the interests and goals need only be complementary so that a 'contract zone' exists in the negotiations.

establish common positions, since interests vary, political schedules differ, attitudes towards the future and towards risk are very different—and so forth. There is also the problem that the weaker Northern economies greatly fear that the major share of the benefits of any agreement will go to their stronger allies, especially the Japanese.<sup>11</sup> Increased concern with economic and political security issues also creates difficulties, since it diminishes willingness to accept short-run sacrifices to help the South, it encourages inwardness and self-centredness (especially among previously strong supporters of the South, such as the young), it justifies continued maintenance of some basic industries that otherwise might be shifting more rapidly to the South (as there is insecurity in doing without industries like iron and steel and automobiles or in relying on foreign reprocessing of materials), and it shifts concern to 'reindustrialisation' strategies rather than strategies of more rapid adjustment to changing patterns of comparative advantage. Finally, these complexities, as well as the fact that most North-South trade is concentrated on a relatively small number of developing countries (OPEC, the NICs, near neighbours, or former colonies), tends to encourage simplification: concentration on bilateral ties at the expense of efforts to make broader negotiations more effective.

From this perspective, it is clear that the problem is not the absence of interests but rather the complexity of the interaction between interests in the context of slow growth, which cuts the surplus to compensate losers, and weak political systems, which cannot resolve conflicts but only paper them over. More rapid growth in the world economy, combined with reforms of the negotiating process, might be the most effective solvent, perhaps permitting the various interests at stake—short-term specific objectives, longer-term general objectives, the welfare gains from multilateral agreements—to be more effectively expressed. In addition, some of the procedural reforms that we shall shortly discuss, such as a more careful delineation of North-South issues and a more serious attempt to take into account the North's short-term political and economic constraints, would also be useful, even if growth rates do not revive. The South's propensity to create vast packages of demands, largely as a result of the need to satisfy so many different interests, also needs to be reconsidered. In the abstract, such package proposals presumably have the virtue of facilitating trade-offs between different issues in the package, but such trade-offs are not really possible when the South finds it difficult to compromise, when the North follows a damage limitation strategy, and when the demands are presented as principles of transformation. In any case, in current circumstances the packages only succeed in activating a very wide range of opposition in the developed countries, either because of interests

<sup>11</sup> For a good discussion of these points, see the various essays in Robert Cassen *et al.*, *Rich Country Interests and Third World Development*, London: Croom Helm, 1982. The last point in the text implies a need for sharing the costs of adjustment not only nationally but also multilaterally (within each coalition).



challenged or because of disagreements with the principles. More problematic, although potentially of some significance, are suggestions that the leadership of the Third World ought to make a much more sophisticated effort, *via* speeches, documentation, conferences, and the like, to activate and support interest groups in the developed countries that would benefit from various proposals. It is not easy to see how this could be done or how negative reactions against 'intervention' could be avoided.<sup>12</sup>

One final and related criticism of the effort to reform the negotiating process should be noted. Conflicts of interest between North and South are inevitable in the short-run since the South wants a greater share of the income and wealth derived from international economic activity. Most analysts have assumed, or taken for granted, that these conflicts would be allayed or diminished by an underlying pattern of mutual or harmonious long-term interests and that the North could and should facilitate the transition by sacrificing some long-term gains in exchange for long-term benefits. We have already discussed the latter point and will do so again in the section on reforms. However, criticism of the first point, which has appeared in a number of responses to the Brandt Report, is of some importance. The thrust of the argument is that all long-term interests may not in fact be compatible, not least conflicts over relatively advanced exports between the NICs and the developed countries and, more generally, conflicts arising over surplus capacity in a variety of sectors. The critics assume or foresee zero-sum rather than positive-sum outcomes in these circumstances.<sup>13</sup> Since conflict has always been present, and since competition has always been a key value, the central point here seems to be that these conflicts will no longer be able to be settled by conventional economic and political means—in effect, that the present crisis is not transitory but rather structural and perhaps permanent.

One needs to be very careful in assessing this argument. In an environment of great complexity and uncertainty, it is surely prudent to avoid actions that foreclose the possibility of reforming the negotiating process on the basis of judgments that may not be reliable. And the fact that interests are in sharp conflict does not mean that negotiations are irrelevant or doomed to

<sup>12</sup> This situation may be changing. The study of interdependence has generally concentrated on the 'domestication' of international politics, but the 'internationalisation' of domestic policies may be equally important, if more difficult (because disaggregated) to define and document. One sees some rudimentary signs, however, in the rapid growth of interest in foreign trade by US state governments, by growing sophistication among some MNCs about Third World needs and perspectives, and—anecdotally—in responses around the US to North-South issues (in the sense that local elites are more aware of interdependence with the South than might be apparent from looking only at national policies). The difficulties, of course, are that these responses are fragmented and sometimes obscured by powerful opposing interests.

<sup>13</sup> Other illustrations of this argument include some of the background papers for a recent OECD study on the future, which questioned the wisdom of exporting technology and plants to the South when the result was challenges to Northern producers; labour organisation opposition to increased processing of raw materials in the South; and the rhetoric associated with recent discussions of 'fair trade'.

failure—at least as long as some shared or complementary interests are perceived, as long as all sides see potential welfare losses from purely national responses to conflict, and as long as a wider commitment to systemic stability and prosperity continues to have some force. It is also important to emphasise that fundamental conflicts in many cases are not really between North and South but rather between particular groups of developing and developed countries. In this sense, the developed countries are not wholly without resources, even in an incremental system in crisis, to diminish actual or potential conflicts by cooperative means. The threatening developing countries, most of which are relatively advanced or semi-industrial countries, also have more means than other developing countries to defuse conflict by adjusting rapidly or by accepting some (presumably transitory) restraints on their behaviour. In any case, some of the sharper, zero-sum conflicts that cannot easily be compromised on their own terms or by trade-offs on other issues might well best be dealt with in smaller negotiating settings—although, as we shall see, with some measure of international accountability.

Another point to keep in mind is that fears of insoluble conflicts have arisen as a direct result of slow growth and the parlous state of the world economy. This is, one hopes, not necessarily a permanent condition; even if new and severe problems, like surplus capacity, continue to arise, more rapid growth may permit acceptable adjustments to be negotiated. This is especially true if the leading states within the system are finally forced to consider cooperative actions to deal with problems that they cannot resolve by national means, since such actions might facilitate more concern for dealing with the linked and growing problems of the developing countries. And as I have already noted, the fact that the North sees more than narrowly economic values at stake in these conflicts also suggests that potential trade-offs and compromises within the negotiations are not impossible.

Reforms of the North-South negotiating process, if they are to be successful, must respond realistically to these criticisms. And both sides must be aware of and accept the need for such reforms. We shall in the next section prepare the way for discussion of these reforms by analysing briefly some of the major factors responsible for the failures of the existing negotiating process. Before concluding this section, however, one issue that has arisen in the discussion, and which may form a background for the discussion that follows, remains to be considered. This is the question of what is or is not a North-South issue; the answer to this question may also have some bearing on the problems created by the difficulties of trading-off present for future gains.

North-South issues probably cannot be effectively delineated by reference to specific economic characteristics. Virtually all issues have some bearing on economic performance in the South, but this is not to say that they are best treated at the North-South level—at least initially when details are being negotiated. Moreover, there are some issues that the North will inevitably,



fairly or not, treat as North-South issues or as issues that require a traditional setting (as in the IMF and the World Bank). Thus North-South issues will have to be defined nominally, which is to say as issues that both sides perceive as sensible candidates for a global arena, either because each side sees enough gains and enough common interests to sustain a common group position or because there is a general interest in agreement but a perception that the absence of widespread participation would undermine the agreement or create inequities. Put differently, issues where the most important conflicts are *within* each coalition, and only residually between them, should not initially be treated as North-South issues.

The tendency to begin by assuming a North-South context, and thus to begin by establishing very broad group positions, needs to be reconsidered. In fact, in order to test group cohesiveness, both sides must begin by calculating national interests first—a simple proposition too frequently ignored in North-South discussions. This would also avoid, as we shall see, one of the key problems in the negotiating process, the creation of policy from the top down rather than from the bottom up. Perhaps several other 'rules of thumb' ought to be mentioned. The first two characteristics, reflecting judgments about group cohesiveness and the need for widespread participation, might be broadened to include the need for some elements of countervailing power (so that each side can prevent the other from achieving its goals) and some sense that the status quo is unstable and prevailing doctrines unreliable. Finally, North-South issues probably ought to include at least one sector where change does not violate ostensible Northern norms and where tangible short-term gains are possible for both sides. It would also help if long-term gains appeared relatively calculable and clear, not completely hypothetical. These comments are obviously meant to be suggestive and to emphasise factors that do or do not make large group negotiations feasible; since they ignore the nature of the issues themselves, judgments of feasibility must always be shifting and provisional.

This analysis suggests, as a first approximation, that issues such as the global commons, foreign aid, and the various codes of conduct (to avoid bidding wars between Third World states) are sensible candidates for North-South negotiations. Another set of issues that ought to be treated at the North-South level concerns the reform of the current institutional structure or, minimally, improvements in the management of existing institutions and procedures. In the long run these issues are more important than the disposition of particular sectoral conflicts, which is also to say that they are more 'purely' political than other issues. Effective agreements are likely to require fairly widespread participation in the deliberations—not back-room deals by a self-styled 'inner circle'. The developing countries may also be relatively more unified on these institutional issues (sharing the goals of increased power and participation), which may also imply that the leverage provided by group unity may be more effective.

Debt, the Multifibre Arrangement, and economic cooperation among developing countries may not qualify as North-South issues because they involve major South-South conflicts or because Northern interests are too difficult to calculate. Other issues may be too complex to permit easy judgments about where they ought to be placed, largely because they involve both general and specific interests, but this perhaps suggests the need for a two-track approach: principles and norms established at one level, detailed negotiations at another. The UNCTAD process for the Integrated Program for Commodities is a case in point, although it might have benefited greatly if the principles and norms had emerged after closer calculations of national needs and interests. Trade also tends to follow this two-track approach, although results for the developing countries have thus far been disappointing. In any case, in the two-track approach agreements at a lower level would be judged and evaluated at a higher level. Consequently, the North-South arena would have a double task, carrying on some negotiations and also providing legitimacy for the results of other negotiations. Finally, there is a separate but connected issue, already noted, that I shall delay until the section on reforms: the need to focus on sectors within issues that promise benefits in the short-run for both sides—not equivalent benefits, but at least some benefits.<sup>14</sup>

#### **The Bargaining Process: from confrontation to immobility**

Rather than treating a single set of negotiations in great detail, I shall set out some of the more general characteristics that have appeared, albeit to different degrees, in most North-South negotiations. This is not, of course, to deny that there are significant differences between each negotiation because of changes in external conditions, varying patterns of interest across and within group lines, and contrasts in the state of economic theory or empirical knowledge. Nevertheless, there are also important similarities across a wide variety of cases.

Some contextual factors are worth noting. The issues themselves were complex, winners and losers could not always be separated by a simple division between North and South, the objectives of the participants were diverse, and neither economic nor political doctrines were able to provide mutually acceptable solutions to perceived problems.<sup>15</sup> Structural uncertainty (uncer-

<sup>14</sup> The commodity negotiations illustrate this issue. Focusing on commodities was hardly incorrect, given their importance, but the wrong sectors *within* commodities were emphasised: for example, almost exclusive emphasis on a powerful Common Fund and a wide and controversial range of buffer stocks was unwise, since it created a direct and probably unwinnable conflict; more emphasis on issues like trade liberalisation and compensatory finance would probably have earned as many benefits and would have (or might have) forced the North to live up to its own ideals. When emphasis finally did shift to the latter, external conditions had worsened and a good deal of negotiating leverage had been lost.

<sup>15</sup> On the latter point, see *The Refines Seminar: economic theory and North-South negotiations on a New International Economic Order*, Norwegian Institute of International Affairs, NUPI Rapport Nr. 49, 1980.

tainty about both ends and means) was also widely prevalent, which meant that conventional tactics (hedging, keeping options open, a short-run bias) for dealing with uncertainty were questionable and that attitudes towards risk were of some importance. Thus the developing countries, in need of massive and immediate help, were more willing to risk gambling on bold, new approaches and a vast increase in the power of international institutions to direct or guide the world economy; conversely, the developed countries were more risk-averse and reformist in intent.

Power asymmetries were obviously very great, although the developing countries did have some elements of countervailing power on most issues—including changing perceptions of resource needs, the value of the South as a market and an area of investment, the ability to influence the international agenda, and, perhaps, even an emerging sense that the prosperity of North and South was linked. However, the developing countries also had more at stake in most negotiations, they were more in need of a rapid agreement, and they had (or felt they had) only their unity as a means of leverage. The negotiations were also not autonomous, since what happened elsewhere—in the world economy or the domestic political economy of developed countries—was usually more decisive than what happened in the negotiations.

I will in what follows summarise only briefly the major defects of the North-South negotiating process; to avoid misunderstanding, I reemphasise that other factors have also been important in particular cases.<sup>16</sup> Also, it should be noted that the defects are linked, frequently overlap, and can be treated separately only as an analytical convenience. In practice, they form a syndrome that is very difficult to disentangle.

The first defect deals with the attitudes of the two sides and the negotiating strategies that reflected these attitudes. In most of the negotiations the developing countries initially adopted a strategy that aimed at radical reconstruction of the international economic system, in effect a strategy that sought to alter not only the distribution of income and wealth from various activities but also the rules of the game and the rule-makers. The goals themselves were not necessarily inappropriate in a period of great turmoil—and growing recognition that existing rules and procedures were malfunctioning—but the tactics of directly assaulting the existing order and demanding massive changes on the basis of insufficient evidence of feasibility was bound to fail. This was true as long as the leading developed countries were opposed, some on ideological grounds, some because real interests were threatened, some for both reasons, and as long as the unity of the Group of 77

<sup>16</sup> For detailed analysis see Rothstein, *Global Bargaining* and, for an updated version, my 'Commodity Bargaining: the political economy of regime creation' (forthcoming, in a volume on negotiations to be published by the Overseas Development Council).

was partially undermined by internal dissent and by conflicting interest.<sup>17</sup> As such, the effort was too optimistic and too risky; the tactics of persuasion were imperative, since the power to compel was absent, but the technical and political arguments that might have been persuasive were not available or developed. We shall need to ask shortly why initial demands were not moderated more rapidly once it became clear that the opposition was too strong.<sup>18</sup>

The conservative developed countries, unconvinced that the existing crisis was structural and unpersuaded that the international system was primarily responsible for the problems of the developing countries, adopted an essentially negative strategy: damage limitation and passive opposition were the main themes. It should be emphasised that a completely negative strategy did not prevail in several negotiations: the key was whether immediate and tangible interests were at stake or whether interests could be protected by simply thwarting what seemed to be undesirable changes. Thus, for example, the United States bargained much more seriously at the Law of the Sea conferences or the conferences called to allocate parts of the frequency spectrum than it did at UNCTAD or the General Assembly. In the latter cases, even when certain reforms or objectives were perceived as desirable, they were not pursued with great conviction, if only because it seemed futile in the face of extreme demands from the Group of 77.

However one chooses to describe and defend the strategies pursued by the two sides, the most important point is that, for the most part, they were playing different bargaining (or non-bargaining) games: the South, a redistributive and ambivalent game that sometimes emphasised the creation of radical new regimes and sometimes merely a greater share from existing regimes, but was always difficult to compromise; the North, a short-run, frequently negative game that emphasised modest reforms and mutual concessions, but also considered it a 'victory' (or sufficient) to force a stalemate.<sup>19</sup> Neither side could achieve anything positive from this state of affairs, but each could also prevent the other from achieving its goals, at least at the systemic level—a kind of negative veto.

<sup>17</sup> Internal dissent led a number of developing countries to rhetorical support for group positions but private comments to the developed countries that such support need not be taken seriously—which reinforced the belief that group unity would soon come apart.

<sup>18</sup> One problem that the Group of 77 has had on most issues was a tendency to seek too many goals in one policy area. Thus in commodities, the group sought price stability, price increases, resource transfers, a help to industrialisation policies, some control over the impact of international developments, increased international equity, and—residually—increased efficiency (ostensibly the prime developed country goal, at least where it did not involve costs). This also made compromise difficult, since there was no way all these goals could be satisfied, which meant some dissidents were always available to thwart a consensus.

<sup>19</sup> Stalemate is an inaccurate term to the extent that it implies that neither side could achieve its objectives. In fact, once the developed countries determined that damage limitation was the most that could be expected, they were quite successful in achieving the desired end: stalemate.

A second defect has been the tendency to treat many or most of the negotiations as if they were primarily political and could be resolved easily by demonstration of a virtually mystical 'political will'. No one needs to be told that there are strong political elements in all North-South negotiations, especially when they touch upon questions of control and rule-making, but the failure, especially on the part of the Group of 77, to recognise that they are also technical—that both sets of factors must be considered—had serious consequences. There were undoubtedly a variety of reasons for this failure to develop from the start a persuasive (to both sides) technical package, including the need to act quickly, the fear of splitting the Group of 77 if the package indicated winners and losers in both groups, and the complexity of issues themselves (and thus the absence of reliable theory and data). The result, however, was that many of the debates were oversimplified, intra-group dissension was bound to grow as the discussion moved towards specifics and practicalities, and the axis of North-South conflict moved towards a confrontation of visions and principles that was very difficult to compromise. In any case, while it is difficult to determine what the relationship between the technical and political aspects of an issue should be, dealing with one aspect is not a substitute for dealing with the other: they are linked from the start and must be so treated.

The strategies discussed thus far were partially imposed by the circumstances of the time, but they were also linked to the need to promise gains to all of the Group of 77 and to maintain group unity.<sup>20</sup> The group system, which is the third defect and a key to understanding the bargaining process, entails substantial costs that make some consideration of possible reforms imperative. It also has some virtues, particularly as an organising device to reduce complexity, but the costs have not been given due weight. These costs include commitment to a single, very broad, very abstract set of principles of transformation that are not only very ambitious, perhaps beyond the state of the art in either politics or economics, but also very difficult to compromise because of the fear that group unity will begin to unravel and because it is inherently more difficult to make concessions on matters of principle. Since group positions also tend to be created from the top down rather than from the bottom up (that is, by diplomats and international bureaucrats in Geneva and New York rather than by ministers and experts from home governments), the most effective order of policy creation is inverted; governments at home consequently may feel little substantive commitment to proposals for which they provide rhetorical

<sup>20</sup> Illustrative of this position was President Nyerere's statement at a Group of 77 meeting in Arusha in early 1979 that 'unity is our instrument—our only instrument—of liberation' and that Group of 77 positions must provide 'equal benefit for all the participating Third World countries in each package of cooperation'. The latter is impossible and creates delays, tacit promises of compensation, sleight of hand, and possibilities for blackmail. In short, it is unrealistic. The quotations are from *The Third World and US Foreign Policy*, p 20. Sengupta also urges that group proposals must 'yield a net benefit to all'. For his comment and similar comments by others, see Sengupta, *Commodities, Finance and Trade*, p xlvii and p 309.

support.<sup>21</sup> An unusual degree of power also devolves upon the international bureaucracy, which is currently the only body that can devise and defend group proposals but also has interest and perspectives of its own to defend—an additional complication to the bargaining process.

The formation of group proposals also tends to be very encapsulated. Too little attention is paid to the interests and needs of the other side since so much attention and effort must be devoted to devising programmes that hold one's own side together. The result upon occasion has been that the Group of 77 sometimes acts as if the sole *joint* operating principle should be commitment to a single goal—immediate restructuring to facilitate development, or, in shorthand, acceptance of 'the' NIEO—although this ignores the interests of the developed countries, is excessively simplistic for a world no longer clearly divided into North and South, and sharply overestimates both the coherence and equity of the NIEO and the power of a coalition of the weak.

Unless reformed, this system guarantees rigidity and immobility, it encourages polemical exchanges about abstractions, and it produces only counterfeit compromises (like the Common Fund) that satisfy neither side. The Group of 77, under the pressure of unfavourable internal and external trends, has gradually moved away from this pattern of bargaining in recent years—towards pragmatism and towards the quest for bilateral 'deals' with the developed countries (if sometimes at the expense of other developing countries). Nevertheless, two points should be noted. First, the original decisions to seek radical changes quickly still tend to channel the process and to have a large and continuing effect on how issues are discussed and analysed. Second, as long as the Group of 77 remains committed to unity as its prime leverage, and as long as it resists the practical implications of both internal and external differentiation, the tendency towards the creation of a single set of very broad proposals will persist—and reappear when serious negotiations once more seem possible.<sup>22</sup>

Before proceeding, a very brief comment about one multilateral negotiating success might be appropriate: the Lomé negotiations between the EEC and a variety of Asian, Pacific, and Caribbean countries. Lomé has, of course, been

<sup>21</sup> I cannot treat this important issue in detail, but note some *rough* tendencies among the key groups, of which there are four: ministers at home (with some differences between, say, Treasury and Foreign Ministry or Development), diplomats in Geneva and New York, international bureaucrats, and free-floating intellectuals and experts. The latter two have been, in general, the radicals, the former two, in general, the pragmatists; but since the diplomats have little technical expertise and are usually instructed to support group positions, power devolves on the international bureaucrats who put those positions together. For more on this point, see *The Third World and US Foreign Policy*, pp 234–5. It goes without saying that there are exceptions to the above generalisations.

<sup>22</sup> The absence of a mediator is another important defect of the process, but limitations of space preclude comment. I note only that the obvious candidates for this role—such as the Secretary-General of UNCTAD—cannot play the role because they are prisoners of a single coalition and thus not trusted by the other side.



widely criticised on a number of grounds, not least the limited results that have ensued, but it did improve the quality of the relationship between the parties. Lomé is especially interesting, however, in the present context because the negotiations provide a sharp contrast with the practices and procedures of the broader North-South negotiations in the UN system.

There were two contrasts between Lomé and the other negotiations that are particularly important. First, *both* sides had proposals that they had devised beforehand, these proposals rested on careful calculations of interests, and the bargaining centred not on abstract principles but on more practical and limited measures of reform. Note the contrast between UNCTAD's ambitious demand for 'global resource management' and the practical discussions within the Lomé talks about the adequacy of the EEC's offer of a new compensatory financing facility. Second, while the EEC bureaucracy had some institutional interests to protect, it was not required to satisfy a large and disparate constituency, its power to establish positions that conflicted with national positions was limited, and it was not acting to ensure a dominant role for itself in future negotiations. Nor did the APC countries have a bureaucracy of their own with its own interests and perspective. Again, the contrast with UNCTAD is instructive. In short, Lomé focused on practical reforms and reflected relatively objective calculations of felt national interests; conflicts over principles were avoided and the inflated objectives and the rigidities of group-vs-group confrontations were avoided.

### Reforms: feasible, irrelevant, or illusory?

The discussion of reforms usually elicits two contradictory conventional wisdoms. The developed countries advocate incremental change in small, functional arenas while the developing countries advocate massive changes in global arenas. Both propositions are inadequate, the first because small arenas frequently merely duplicate the larger, and because incrementalism, as currently practised, is insufficient for problems that are structural and interdependent, and the second because it reflects inflated expectations of what international institutions can achieve and because massive change—directed by such institutions—could only be risked on the basis of knowledge and wisdom that we do not possess.<sup>22</sup> In any case, neither of these positions really responds to the argument of this paper: if we want to progress, both sides will need to reform not only the attitudes and perspectives they bring to the negotiations but also the specific institutional and procedural defects that have characterised the negotiating process itself. New attitudes are especially

<sup>22</sup> These contrasts also reflect a divergent bias towards international solutions: the developed countries are able, and thus prone, to seek domestic solutions first and international solutions residually; the developing countries, more exposed to external forces and less able to control them (and less able to adjust flexibly), necessarily seek international solutions first—though in some cases as a substitute, not a supplement, for domestic action.

critical because they will permit genuine bargaining to occur, they will ensure that both sides are playing the same bargaining game, and they will make procedural reforms worthwhile.

The guess might be hazarded that a new approach to bargaining is most likely to emerge from changing perceptions of converging—but not necessarily identical—patterns of interest. Rather than a complete intellectual consensus about the cause of present disabilities or about common goals, something like the partial consensus of the United States and the Soviet Union during the Cold War that they shared certain interests—to avoid inadvertent war, to prevent nuclear proliferation, to increase strategic stability—might provide a useful analogy. In the latter case, disagreement and conflict were hardly eliminated, but some slow and cautious movement toward partial agreement and the institutionalisation of a negotiating process has been established and has, despite many disappointments and criticisms, produced some useful results, perhaps as much as could reasonably be expected and perhaps more than would have emerged from either the pursuit of grand gestures or the acceptance of the status quo. North and South are far from a perfect analogy since the conflict is not as fundamental or pervasive, and since it activates domestic interest groups in a manner that differs from the Cold War, but the key points in this context are the need to accept partial agreement, to put aside for the time being certain insoluble conflicts of principle, and to seek to establish a process that persists beyond any particular agreement.

Suppose we hypothesise a rough trade-off on the following lines. Both sides would accept as a goal the creation of a more liberal, progressive, and open international economy, with differently qualified deviations from the norm for differently qualified developing countries, to be achieved by means that are moderate, that avoid premature commitment to a single approach or to any grand design, and that calculate the costs of failure as well as the costs of success with each policy.<sup>24</sup> More broadly, the trade-off implicitly incorporates a commitment to reform the existing system in exchange for a commitment to moderation in implementation. One needs also to recognise that no single value—efficiency, equity, need, merit, stability—can dominate the quest; each policy choice instead must reflect a consensus about acceptable trade-offs between different values. Certainly more profound commitments seem both

<sup>24</sup> A liberal system in this context does not necessarily mean a complete—and immediate—commitment to free trade and market solutions. The key question is what works best in achieving agreed trade-offs between different goals and values, not what ideology one favours. This means that government interventions at both the national and international levels, which are increasing anyway and probably necessary to deal with rapid change, must not be viewed as automatically good or bad but as good intentions to facilitate the pursuit of agreed goals—and bad otherwise. Thus, special arrangements for different groups of developing countries are both necessary and possible, and indeed a system of partial rules, differentiated for differently situated countries, may be a useful preface to the emergence of global rules. But the sub-systems of partial rules must be generally accountable in wider forums in order to avoid inequities. There is a more detailed discussion of this in *Global Bargaining*, pp 259–72.



necessary and desirable, but even this trade-off—or any number of others—may be beyond our means in current circumstances. The question, then, is why each side might accept it.

If we take the United States as representative of the other conservative developed countries or as the key to any change in attitude and approach, several points can be made about the likelihood of a shift in orientation and policy. The United States seeks a variety of goals in its relationship with the developing countries. Some goals are particularistic and obviously must be sought in bilateral arrangements. But the United States also has some general goals—increased stability and predictability in the international system, prevention of a breakdown in the North-South dialogue—and these goals can be achieved only in cooperation with the Third World at large. Moreover, even some of the particular goals, like access to resources, price stabilisation, investment guarantees, and agreements on export controls, can be more effectively pursued in the context of general rules or codes that establish system-wide consistency. Perception of the need for these kinds of agreements has been growing slowly and fitfully, partially as a response to increased awareness of the links between Southern and Northern prosperity—much discussed recently in the US Congress and the press, if not by the public—and partially perhaps as a response to increased awareness that the United States is no longer able to impose its views on the system. To some extent these developments have been obscured by the parlous state of developed country economic performance, which concentrates attention on national problems and national 'solutions'—despite awareness of potential losses in national and global welfare—and which tends to put North-South problems on the 'back burner', as the phrase goes. None of this means that North and South are, so to speak, 'condemned to cooperate', but it does mean a growing willingness to consider cooperative ventures *if* they seem likely to be fruitful.<sup>25</sup>

There is, however, one major obstacle that must be reemphasised here. The trade-off normally proposed as the key to North-South compromise, short-run sacrifices by the North in exchange for hypothetical long-run gains, is necessary but not sufficient in current circumstances. Northern political systems are too dominated by short-run considerations, not least because of the power of interest groups threatened by existing trends, to permit such an exchange. In too many cases, the immediate adjustment cost (both political and economic) of concessions, properly discounted, seems greater than the potential gains from adjustment. In short, any agreement must incorporate explicit and tangible short-run benefits for the North, at least until rapid growth again

<sup>25</sup> It is of some interest that the Carter Administration in its early years was moving, if not in the direction I have advocated, at least towards awareness of these interconnections and towards some kind of compromise with Third World demands. But this effort was overwhelmed by external events, bad preparation and declining fortunes for the administration, and by the Group of 77's continued commitment to its initial demands—again, inflated expectations and overestimates of power. A small opportunity for moderate gains might thus have been lost

provides a solvent for short-run political constraints. This means that issues chosen for negotiation must be carefully prepared so that the *initial* emphasis is on sectors and aspects that permit mutual benefits. It also means less initial emphasis on uncertain and controversial global schemes, more emphasis on pilot projects and the evaluation of results before complete commitment to a policy approach, much more effort by the Group of 77 to have very clearly in mind from the start what it is willing to offer in return for meeting its demands, and a greater understanding of the fact that seeking too much from each area of concern increases uncertainty and decreases the prospects of compromise. Simply adding together the demands of all the members of the Group of 77 and standing fast behind them, in the hope that somehow the North will 'crack', is a guarantee of futility. The needs of inter-group bargaining must weigh as heavily as the needs of intra-group bargaining. As I have noted, however, benefits for the North *do* exist if the system is reformed.

The South, of course, would accept a new approach only if it was convinced that it would yield more benefits than the old approach. Since the old approach has yielded so little, this calculation may not be as problematic as it seems. The South needs to realise that the conservative developed countries have won the previous bargaining rounds, since the stalemate that has resulted reflects the implicit goal of damage limitation via passive opposition and delay. And this result is inevitable as long as the North does not see tangible and immediate returns from a more positive policy, since the powerful can always thwart new proposals and afford to outwait any opposition. It is also unlikely that Southern unity will ever be strong enough to achieve major substantive goals, especially if differentiation continues to grow and to increase conflicts of interest. Nevertheless, the failures of the existing approach do not guarantee that a different approach will be more productive.

The fundamental compromise or trade-off that I have outlined—in effect, a liberal system achieved by moderate steps—might be rejected because of its incremental implications. It might be argued that no more is possible. More importantly, however, this is incrementalism with a difference, since it is prefaced by an original commitment to gradual change in a consistent direction. This avoids some of the major weaknesses of incrementalism, such as a lack of direction, drift and the accumulation of small problems, and it permits some momentum to be built behind small but shared successes. And it does not foreclose non-incremental decisions if there is a sufficient consensus across group lines (as one *may* be seeing now in relation to the debt crisis and the increase in IMF resources).

In a narrower sense, both sides would also have to adjust their approach to the bargaining process itself. Heretofore bargaining has been primarily distributive, reflecting a conflict over shares, with one side's gains perceived as the other side's losses. This is inevitable as long as the conflict focuses on abstract principles and the creation of new regimes, but it is also inadequate in

current circumstances. As an ideal, there is no doubt that it would be preferable if both sides accepted the need for 'integrative' bargaining in which the issues in conflict are seen as problems requiring solutions (not merely concessions from 'hard' or 'soft' positions), a joint search for information characterises the quest for a solution, and mutual gains are the desired outcome.<sup>26</sup> We are obviously very far from this kind of convergence, although if the reforms outlined here are accepted some movement in the desired direction may become possible—especially if both attempt to play the new bargaining game and if both concentrate on tangible and feasible goals.<sup>27</sup> Nevertheless, in the interim, while the incremental game gets underway, the proper bargaining tactics for the Group of 77 could be described as the doctrine of the 'camel's nose': accept the best compromise possible at any moment and use that outcome as a stepping-stone to the next compromise. This is an especially useful (or sensible) tactic against a democratic opposition in an increasingly interdependent world; both moral and practical considerations come together in support of beneficial compromises.

Reforms of the bargaining process itself are also imperative, although they are likely to be useful only if reforms in attitude and approach are also undertaken. I shall briefly note two such reforms here, primarily as an illustration of the kinds of changes that might be contemplated.

The creation of a Third World 'OECD' has been much discussed. Such an institution might not achieve the aims posited by its proponents, not only because of political and administrative problems but also because the proposals produced by the new entity might not be better or more widely accepted than the proposals produced by UNCTAD. Unless its staff is highly competent and unless it is genuinely independent—not required to produce proposals that promise something to everyone—it would probably only exacerbate the tendency to create excessively ambitious and abstract proposals or to inflate expectations unnecessarily.

Nevertheless, the new entity could still be useful if its creation permitted institutions like UNCTAD to play a new role. The latter could still retain a primary commitment to Third World development but also develop analyses and policies that are technically competent and unbiased and concerned with joint and systemic interests as well as the interests of one group. The leadership of the 'old' institutions could also thereby come closer to being able to play a crucial but missing mediatory role.<sup>28</sup> Such leaders could suggest compromise

<sup>26</sup> Integrative bargaining is discussed in Richard E. Walton and Robert B McKersie, *A Behavioral Theory of Labor Negotiations*, New York: McGraw-Hill, 1965.

<sup>27</sup> One might hypothesise that the aim should be agreements with the following characteristics: they should be satisfactory to both sides, perceived as fair, reflect agreed trade-offs between different values, be durable but contain means of adjusting to changing circumstances, should not conflict with international norms, and should have provisions requiring collective legitimisation.

<sup>28</sup> Note that the mediator need not be completely impartial, since it may facilitate agreement if he has strong ties to the party with greater control over the outcome or if he is close to the more

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## IS THE NORTH-SOUTH DIALOGUE WORTH SAVING?

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proposals, provide face-saving mechanisms, and take some of the 'heat' for accepting the possible rather than the desirable. Moreover, taken together, the new 'OECD' and the new mediatory role could work together to reduce the dangerous tendency toward encapsulation, primarily by always alerting one side to the needs and constraints of the other side.

A direct assault on the group system is unlikely to succeed since unity evokes too much psychological resonance, the fear of divide-and-conquer tactics by the rich is still pervasive, and there is no alternative on the horizon that promises better results. Nevertheless, unless it is reformed, even worse outcomes are likely: continued futility at the North-South level and an increasingly fragmented and hostile system as special 'deals' are sought at the expense of ostensible friends and allies. A partial reform that makes sense in these circumstances would concentrate on one of the group system's most salient disabilities: dysfunctional large group negotiations that are too complex and too exposed to blackmail by dissidents who can derail an emerging consensus; and small group negotiations (like the 'contact groups' at UNCTAD) that merely repeat the failures of large groups because they are too tightly bound by instructions by the latter. A new principle of representation for detailed negotiations is thus imperative.

There have been a number of suggestions over the years to create small negotiating groups to produce agreed recommendations on issues that were stalemated in wider institutional settings. This idea has never got very far and, in any case, would probably not work for at least two reasons. The first is that the small groups would be bound by already established positions, thus changing the number of participants without changing the terms of the game. The second is that the diplomats chosen for the small group are unlikely to possess the technical expertise to devise feasible policies or to alter the elements of existing policy positions. One way to diminish these problems is by adding a third stage to the negotiating process and altering some of the rules for the other stages. (By its nature, what follows is relevant for both North-South negotiations and many of the negotiations that take place initially among smaller groups of participants.)

The process would begin with the creation of a small group (10-20 members) of technically qualified experts to provide a base or framework for the actual negotiations. Working for (say) six months and chosen by the governments concerned, the experts would be asked to provide a map of the technical terrain: setting out what can be agreed and what not agreed, indicating where gaps and uncertainties lie, translating theory and knowledge into terms that

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obstinate party or the party which must make the larger concessions. The latter two cases are suggestive, but whether the mediator will have sufficient power (of various kinds) with *both* parties is uncertain in this context. On this issue, see Dean G. Pruitt, 'Kissinger as a Traditional Mediator with Power', in Jeffrey Z. Rubin (ed), *Dynamics of Third Party Intervention—Kissinger in the Middle East*, New York: Praeger, 1981, pp 141-4.

policymakers understand, and suggesting a variety of approaches that deserve consideration. The experts would not be required to begin with articulated group positions but would be instructed to act as a problem-solving body with the interests of the participants—not the groups—as their main guidelines. And they would not be asked to devise a single package of proposals, but rather a variety of options and their potential costs and benefits. If successful, the expert group would diminish the tendency to ignore technical constraints, eliminate the problems created by early commitment to a single proposal, and deflate the inflation of expectations from tacit promises of an unlikely order of gains.

High degrees of uncertainty and the absence of consensual knowledge (knowledge that both sides accept as true, not knowledge each side produces to bolster its own views) have also undermined the negotiating process. The expert group might be able to reduce uncertainty or at least indicate where and why it has arisen in particular contexts. It might also produce relatively more consensual knowledge, which could provide a more stable base and more convergent expectations for the negotiating process, thus facilitating effective implementation of agreements. If the expert group is too narrowly focused and if all the experts share the same professional bias, the results might not be very useful. For example, if a commodity group included only economists using simulations and partial equilibrium models to analyse particular commodity markets, the results of their deliberations might be unsatisfactory—not sufficiently concerned with long-term issues, too willing to treat market imperfections as transitory, and not putting enough weight on the indirect benefits of stabilisation programmes (for development and as a means of reducing inflationary pressures). One might seek to avoid this outcome, or diminish its effects, by including a broader range of expertise in the group: not only model builders but also economists familiar with the domestic political economy of countries dependent on commodities and perhaps even a few experts on long-term trends and long-term goals in the North-South arena.

At the second stage of the process, a small group would be created to undertake the actual negotiating task. Participants would be chosen primarily, but not exclusively, on the basis of a defined interest in the issue—perhaps two-thirds chosen on the basis of weighted interests and one-third chosen to reflect group interests or (preferably) community interests. Decisions could be made on the basis of some number that required support from all sides (say, seventy-five per cent), rather than unanimity. This would diminish the power of dissidents to block an agreement that had been reached among countries with an interest in the issue; the percentage required for passage would also assure some concern for wider interests and for external effects.<sup>29</sup> These negotiations,

<sup>29</sup> One factor that has been missing in these negotiations has been the ability to establish trade-offs between and within issues. It is especially important in complex negotiations with many actors, perhaps easier than treating each issue separately, since more areas of compensation can be

which would be entirely private, could run for a period of one year, after which, if no agreement was reached, they could be extended or referred back to the larger forum for instructions.

The third stage would involve presentation of the agreed recommendations for acceptance or rejection by the relevant plenary body. The final decision should be relatively straightforward, especially because awareness of the need for collective legitimisation should increase concern at the second stage for the protection of community interests and the avoidance of inequities. What decision rules ought to apply at the third stage is a difficult question, but it might be useful to experiment with various procedures that could diminish some of the problems that tend to arise at this point. For example, a strong majority, rather than unanimity, might be the most effective voting rule and the most effective procedural rule might enforce a 'take-it-or-leave-it' basis for the agreed recommendations (to avoid amendments or revisions that could tear the package apart). At any rate, the key point is not the particular rule or rules adopted, which should evolve from experience, but rather the acceptance of the need for collective legitimisation.

There is a loose but suggestive analogy that might be made at this point. The legitimising role probably should not include a right to veto agreements negotiated at a lower level. Rather, what seems appropriate is something akin to a House of Lords function: the right to delay, to ask for reconsideration, to criticise, and to offer judgments not (necessarily) tied to calculations of immediate interests. This kind of role would be relevant both for negotiations conducted in smaller arenas and for broader North-South negotiations. In both cases, the key is the need to submit the final product to wider judgments. It may not be irrelevant to note that it is at this upper level of collective legitimisation that the unity of the Third World is potentially strongest and most effective.<sup>30</sup>

### Conclusions

Both sides see some value in keeping the North-South bargaining game going, although not the same value, but neither is willing to do much to make the game work effectively. Some movement towards the reforms I have outlined, or indeed towards any reforms supported by both sides, might indicate that this happy, if futile, consensus was beginning to disintegrate. This is not to imply, of course, that reforms are a panacea; at best they might permit the process of transforming the negotiating game, and ultimately North-South relations, to

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added to the game. If the developed countries are also seeking real gains and if the process is not hamstrung by initial commitment to abstract proposals, the search for trade-offs could be an important part of the second stage.

<sup>30</sup> Another key reform, which I cannot discuss here, would focus on efforts to encourage countries to get into the bargaining game from the start to avoid dominance by top-down proposals from international bureaucracies and to encourage more commitment to proposals by governments at home (i.e. not just their diplomats). The fact that both sides were seeking tangible benefits would be one element facilitating such movement.



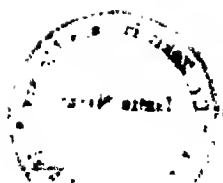
begin. It would be naive to expect much more in an environment dominated by distrust, conflicting interests, and structural uncertainty and in which the North-South relationship itself is not autonomous but largely a residual of other developments, both domestic and international. Still, such modest efforts ought not to be dismissed as irrelevant, particularly if we keep in mind the likely alternatives.

One alternative could be to continue the status quo, hoping that something beneficial will somehow result. This may well be the most likely outcome, but the consequences could be unfortunate—increasing hostility, development prospects set back for decades, perhaps a gradual drift into an even more severe crisis. Another alternative would be a full-scale effort to implement a massive restructuring of the international economic system (the NIEO, the Brandt Report, etc.), but this is neither politically feasible nor necessarily wise in a period of rapid change, intellectual confusion, and unreliable precedents. Nor does this approach deal with some of the problems already noted: increasing differentiation within both coalitions, short-run and long-run conflicts of interests, and a dysfunctional negotiating process. Summits will not mysteriously dissolve these problems nor evoke conversion among the doubtful or the threatened. Perhaps a third alternative might be an effort to create 'coalitions of the willing' or 'like-minded' coalitions that seek to act together on the basis of some shared values and some shared or complementary interests. Partial rules and partial regimes may be preferable to immobility in the quest for global regimes and indeed might be perceived as a preface to the reform process itself—as a pilot project to test one approach to international rule-making. One would seek to work up from shared interests, not down from hypothetical global interests. But there are dangers here, including a loss in global welfare, an increased danger of inter-group conflict, and the possibility that the new coalitions would either be unstable or create some momentum towards permanent and conflicting blocs. If the reform proposals outlined above must be perceived as a second-best option, coalition of the willing can thus be considered third-best options, justified only by the extraordinary difficulty of generating any cooperative actions in current circumstances (and by the hope that they could become a transition towards broader frameworks of cooperation). In addition, they are clearly appropriate for issues that should not be treated at the North-South level, especially if the parties accept some obligation to respect the needs and interests of potentially threatened non-participants.

Is the North-South Dialogue worth saving? Without reforms, the answer is no: the result would only be repetition of inflated expectations, counterfeit agreements, and increased cynicism. With reforms, which accept the fact that we need a complex and differentiated negotiating process for a complex and differentiated world, the most that one can respond is 'perhaps'. Only the reform option seems both feasible and potentially productive of genuine, if

moderate, gains. Such gains will hardly solve all the problems the North and South face, but seeking them is preferable to either cynicism or utopianism. Unfortunately, pessimism about the ability or willingness of either Northern or Southern leadership to make the necessary reforms appears fully justified, if only because of a familiar dynamic: willingness to reform in difficult times eroded by political and economic weaknesses and perception of the need to do so eroded by the first sign of recovery and by continued commitment to familiar doctrines. We are thus likely to continue to try to 'muddle through', hoping that the *ad hoc* will suffice.





# North-South Monitor

## THE UN SYSTEM

▲UN International Conference on the Alliance Between South Africa and Israel  
Vienna, 11-13 July 1983

■This conference was arranged by the Afro-Asian People's Solidarity Organisation, the Organisation of African Trade Union Unity and the World Peace Council, with the aim of formulating action for governments and organisations to end the increasing collaboration between Israel and South Africa. In 1982, the UN General Assembly called for international pressure to persuade Israel to desist from such collaboration, particularly in the military and nuclear fields, and to abide by General Assembly decisions. Although the collaboration between the two countries has a long history, Israel upgraded its diplomatic mission to South Africa to the level of embassy in 1974, and has supplied the country with much military equipment and personnel. Its trade and economic relations with South Africa have also rapidly expanded, and South African companies have invested in Israel in order to avoid the boycotts in Africa and to gain privileges in the European Community countries. Apart from pooling information on the existing state of cooperation, the conference also noted with concern the attitudes of those Western powers which had condoned and supported this situation. In the view of O O Fafowora, the chairman of the delegation of the Special Committee Against *Apartheid*, the West had bestowed on South Africa special responsibility for the defence of perceived Western interests in Africa. This included the destruction of all liberation movements, and the destabilisation of frontline states, particularly those committed to the liberation of Namibia and South Africa. Israel's involvement in this Western strategy had created major security problems for Africa, as well as new obstacles for the liberation struggle in Namibia and South Africa.<sup>1</sup>

●'We in Africa have a sacred duty and a responsibility to lend all necessary support to the freedom fighters of South Africa and Namibia until they attain freedom, and to assist the frontline states in their defence against South African aggression . . . We cannot but denounce and fight the actions of Israel in support of the racist regime of Pretoria'. O O Fafowora, chairman of the delegation of the Special Committee Against *Apartheid*. *UN Press Release GA/AP/1469*, 14 July 1983.

▲International Conference on the Question of Palestine  
Geneva, 29 August-7 September 1983

■This conference was convened by the UN General Assembly to heighten awareness of the causes of the Palestine problem and to find ways to enable the Palestinian people to exercise their legitimate rights and to gain international support for appropriate UN resolutions. It was boycotted by Israel and the US on the grounds that it promoted 'one-sided judgements', and the major Western powers sent observers only. The main outcome was the adoption of a final declaration, known as the Geneva Declaration on Palestine,<sup>2</sup> together with a programme of action.<sup>3</sup> The Declaration expresses grave concern at the tension in the Middle East,

which it attributes to the denial by Israel and its supporters of the legitimate and inalienable rights of the Palestinian people. A just solution to the Palestine question is seen as the decisive factor in a 'just, comprehensive and durable settlement' to the Middle East conflict. Such a settlement should be based on UN resolutions outlining the Palestinian right to self-determination and the establishment of an independent state, and a Security Council guarantee of peace and security between all states of the region within secure and internationally recognised borders. Other proposals, such as the Arab peace plan approved at Fez in September 1982,<sup>4</sup> are recognised as guidelines, incorporating as they do the following additional principles: the right of the Palestine Liberation Organisation (PLO) to participate on an equal footing with other parties in all Middle East deliberations; the need to secure Israeli withdrawal from the occupied territories; and, the rejection of Jerusalem as the Israeli capital. The Declaration calls for an international peace conference on the Middle East in which all parties to the Arab-Israeli conflict (including the PLO, Soviet Union and US) would be invited to participate as equals, with the Security Council to see through any agreement reached.

The three-point Programme of Action recommends courses of action by states, UN bodies, and intergovernmental and non-governmental organisations. States, in particular, are asked to oppose Israel's Middle East policies, notably in the occupied territories, and to refrain from providing assistance as might encourage them. They are requested to establish 'appropriate relations' with the PLO as the representative of the Palestinian people, and to help to alleviate the economic and social burden imposed on them by Israeli occupation. The General Assembly is asked to designate a Year of Palestine in order to mobilise world support for the Declaration and Programme of Action.<sup>5</sup>

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▲ UN Convention on the Law of the Sea—Preparatory Commission for the International Sea-Bed Authority and the International Tribunal for the Law of the Sea

First Session (resumed)<sup>6</sup> Kingston, Jamaica, 15 August–9 September 1983

■ During this resumed first session (attended by representatives from eighty-two members of the Preparatory Commission),<sup>7</sup> the Commission decided on its structure, functions and programme of work, adopted its rules of procedure, and decided on procedures and guidelines for the registration of pioneer investors. The Commission established a plenary as its principal organ, to deal *inter alia* with the preparation of rules and procedures for the administrative, financial and budgetary functions of the various organs of the International Sea-Bed Authority, and the implementation of Resolution II governing preparatory investment in pioneer activities relating to polymetallic nodules. Four special commissions were set up to deal with the following: the problems encountered by land-based producers affected by the production of minerals from the international sea-bed area (the Area); the early entry into effective operation of the Enterprise; the preparation of rules, regulations and procedures for the exploration and exploitation of the Area; and practical arrangements for the establishment of the International Tribunal for the Law of the Sea.

It was decided that allocations of parts of the Area for exploitation to pioneer

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investors would be based on applications which would have to include information on the absence or resolution of conflict concerning overlapping areas, and on compliance with the requirement of minimum expenditure (of \$30 mn, of which at least 10 per cent had been expended in the location, survey and evaluation of the allocated area). Pioneer investors will receive certificates of registration as proof of the exclusive right to carry out pioneer activities in the allocated area, and of compliance with their commitments under Resolution II.

The Commission decided to convene annually, with its second session planned for March-April 1983.<sup>8</sup>

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### ▲ Meeting of Governmental Experts on the Reverse Transfer of Technology Geneva, 29 August–7 September 1983

■ Although the reverse transfer of technology, or the 'brain drain', has been under discussion within the UN for more than a decade, little policy action has yet evolved on the mitigation of its adverse effects on the Third World. It has been a problem even at a time of reduced economic activity in the North (for example, out of 250,000 skilled persons migrating to the US from 1974–79, as many as 190,000 were from developing countries).<sup>9</sup> This meeting (at which fifty-five countries were represented) emphasised the need for concerted international action, including the establishment of a set of definitions, principles, guidelines and standards on all facets of this phenomenon, in order to improve data collection and serve as a basis for policy formulation and implementation. The developed market economy countries refused to participate because the mandate given to the Group by the General Assembly<sup>10</sup> identified an international labour compensatory facility as one of the proposals to be considered. The North has always opposed this idea (first discussed in the International Labour Organisation), under which countries receiving labour from developing countries would pay them some form of compensation. While the Third World expressed disappointment at their absence, the Socialist countries reiterated their view that the brain drain was a form of neo-colonialist exploitation which inflicted heavy damage on the production and social infrastructures of developing countries, while considerably increasing the incomes of receiving countries.<sup>11</sup>

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### ▲ Mini North-South Summit New York, 29–30 September 1983

■ More than twenty world leaders, meeting during the UN General Assembly, under the chairmanship of Indira Gandhi, Prime Minister of India and Chairman of the Nonaligned Movement, agreed on the need for reforming the major multilateral financial institutions. With Third World countries insisting that they were not seeking to overthrow Western leadership of organisations such as the International Monetary Fund and the World Bank, the participants agreed to work domestically on new ideas for reform. Although the EEC was represented by the President of the Commission, Gaston Thorn, France was the only major Western power to attend, President Mitterrand expressed disappointment that in recent years 'several industrial countries' had hardened their attitudes and retreated from their responsibilities towards the Third World. Calling for a 'new realism' in economic relations, he

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supported global negotiations to resolve world financial and economic problems, and said that it was in the interests of all the industrialised countries to have a dialogue with the Third World. Other leaders taking part included President Kyprianou of Cyprus, King Hassan of Morocco, Prime Minister Palme of Sweden, and Chancellor Sinowatz of Austria.<sup>12</sup>

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### ORGANISATION OF AMERICAN STATES (OAS)

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#### ▲Special Conference on External Financing Caracas, 5-9 September 1983

■The thirty-one member OAS convened this conference to discuss the causes and dimensions of the \$300bn debt problem facing Latin America and the Caribbean, together with possible cooperative solutions at the hemispheric level. Three days of technical discussion and two days of ministerial meetings led to the adoption of an eleven point 'Basis for Understanding', a compromise on a wide variety of prescriptions dividing Latin American countries both between themselves and from the US. Controversy was avoided over the much publicised proposal for a debtors' cartel (sponsored by several radical Latin American politicians as a means of repudiating debt or of demanding its renegotiation) by its exclusion from the formal conference agenda.

Deeming the present crisis 'the worst in fifty years', the conference declaration calls for the hemisphere's debt burden to be shared equitably between debtor and creditor countries, private banks and multilateral lending institutions.<sup>13</sup> It urges that Latin America's debt payments be brought into line with the region's payment capacity and its economic development needs. While recognising the role of internal factors in the crisis, the document stresses the primary importance of external ones beyond the control of the region, such as the deterioration of the terms of trade, growing protectionism, high interest rates, and the sudden reduction of financial flows and public and private investment. It calls for specific trade measures, including the elimination of protectionism and the reduction of tariff and non-tariff barriers which harm the exports of the Latin American and Caribbean countries. It recommends that the Inter-American Economic and Social Council (CIES) should establish a special committee to propose action programmes in the areas of debt, trade and finance.

The US qualified its position by reemphasising its belief that the main solution to the region's deteriorating balance-of-payments lay in the adoption of further austerity measures by the countries concerned. It refused to consider expanding the role of the IMF's Compensatory Financing Facility, or of completely revising its policy of 'graduating' the exports of developing nations (i.e. the removal of special tariff treatment when a country reaches a certain level of development). Despite the noncommittal outcome of the conference, with no concrete promises from the US, it was acclaimed as the first meeting in more than a decade in which Latin America and the US had discussed a vital regional problem. According to some, it had also reopened a dialogue which had been broken after the US had supported Britain in the Malvinas/Falklands conflict.<sup>14</sup>

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● 'The fact that we have had this meeting closes a chapter on the debt crisis. It will help quiet the political pressure in many countries to do something drastic. That is very beneficial'. Carlos Rodriguez Pastor, the Peruvian Minister of Finance. *IHT* 12 September 1983, p 3.

'This has been a good show . . . The Latin countries can go home feeling happy that the US did not use this meeting as an opportunity to lecture them, but rather as a chance to listen to their concerns and express a willingness to work with them in the future'. Riordan Roett, Director of Brazilian Studies at Johns Hopkins University, School of Advanced International Studies. *Ibid*, p 3.

'This is one of the most important meetings that the OAS has held in the last ten years in the field of economic and social development'. Alejandro Orfila, OAS Secretary-General. *OAS Press Release SP-25/83*, September 1983.

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### INTERNATIONAL MONETARY FUND (IMF) AND WORLD BANK

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▲ Thirty-Eighth Annual Meeting of the Boards of Governors  
Washington DC, 24-28 September 1983.

■ The levels and availability of IMF and World Bank resources were the prominent and most contentious questions of inconclusive discussions between finance ministers and bankers from the 146-member IMF. Meeting alongside other high-level groups prior to the main formal sessions (which began on 27 September), the policy-making Interim Committee was unable to agree on further new resources for the IMF, but managed to forge a delicate compromise over a dispute on access to loans. Following deadlock over a US proposal to limit the borrowing access of member nations over a period of several years, agreement was reached on a two-tier scheme whereby countries will be able to borrow either 102 per cent or 125 per cent of enlarged quotas in 1984 (down from 150 per cent based on lower quotas), depending on the seriousness of their need for funds and the severity of their economic adjustment programmes. The IMF Board will arbitrate as to whether a country can qualify as a special case. Although this entails cuts in cash entitlements for many Third World countries, there was general relief that the IMF would be able to continue to handle the international debt crisis and encourage commercial banks to lend to the Third World.

In the wake of this agreement and the announcement by Jacques de Larosière, the IMF's Managing Director, of a halt on the disbursements of new loans under the Fund's enlarged access policy (with commitments set to run ahead of resources), the Interim Committee heard that the IMF might need extra loans of up of \$6 bn in 1985-6. This extra borrowing would be in addition to a \$6 bn loan under negotiation (half from the industrialised countries excluding the US and half promised by Saudi Arabia), and in addition to the \$31.5 bn increase in quota subscriptions to \$98.5 bn planned for January 1984. The problems concerning this latter increase were taken up by President Reagan of the US in his opening address to the formal sessions, when he warned the US Congress of the possible consequences of its failure to ratify the US contribution of \$8.4 bn to the 47.5 per cent expansion of IMF quotas agreed in February 1983.<sup>18</sup> In a speech generally supportive of the

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Bretton Woods institutions, he stressed the importance of the quota increase to the world economic recovery and warned of 'a major disruption of the entire world trading and financial systems' if it was not agreed.

Despite continued criticism from the Third World and Western Europe, the US would not change its line on another divisive issue, the effect of domestic budget deficits on interest rates. The US Treasury Secretary, Donald Regan, maintained that the economic recovery of the US might be jeopardised if it raised taxes to reduce its budget deficit. Despite continued US optimism about the prospects for world recovery, Jacques de Larosière stressed that the recovery was so far confined to relatively few countries and was lacking in dynamism and balance. On the question of budget deficits, he pointed out that monetary restraint accompanied by continued deficits would keep upward pressure on interest rates while such deficits in conjunction with a more accommodating monetary policy would only lead to a revival of inflation and undermine growth.

With the problems of the world's poorest nations pushed into the background, the President of the World Bank, A W Clausen, made a forceful appeal for more official development aid and increased funds for the World Bank. The World Bank has been trying to secure a selective capital increase in order to raise its lending capacity and, more urgently, wishes to boost the funds available to the International Development Association (IDA), which makes loans at very low interest to the poorest countries (which cannot borrow on private capital markets). In an implacably hardline stand, the US has not only refused to increase its contribution to the seventh replenishment of IDA (IDA VII), but actually wants it cut. The Reagan Administration has said it will reduce the annual US pledge in the next round of IDA negotiations to \$750 mn from the \$1.1 bn approved by the Carter Administration. If other countries' donations remain tied to those of the US, funds would total only \$9 bn over three years, compared with \$12 bn under IDA VI, and the \$16 bn believed necessary to maintain present lending levels (given that China has now become eligible for IDA borrowing). The US has also caused problems over a proposed selective capital increase for the World Bank, under which some countries (although not the US) would increase their contributions, and hence their voting shares, in line with the new quotas agreed for the IMF.<sup>16</sup> With the US recommending a figure of \$3 bn and the developing countries seeking \$20 bn, the Development Committee of the Bank arrived at a compromise figure of \$8 bn (said to be acceptable to other industrialised countries), whose details would be worked out at the end of 1983.<sup>17</sup>

● 'Since our last meeting in Toronto in September 1982, the world economic situation has not shown any marked improvement. The level of economic activity remains depressed in most countries'. Nalumino Mundia, the Zambian Prime Minister. *Financial Times* (London) 29 September 1983, p 3.

'The economic distress of the poorest nations is a time bomb ticking away. We delay defusing it at our peril'. A W Clausen, President of the World Bank. *The Times* (London) 28 September 1983, p 19.

'It is shocking that those who need it most receive so little in both absolute and relative terms... To claim that budget pressures prevent any meaningful increase, and even justify cuts, is a hard argument to swallow'. A W Clausen. *The Guardian* (London) 28 September 1983, p 20.

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'Let me make something very plain. I have an unbreakable commitment to increased funding for the IMF'. President Reagan of the US. *IHT* 28 September 1983, p 1.

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### AFRICAN CARIBBEAN AND PACIFIC-EUROPEAN ECONOMIC COMMUNITY (ACP-EEC)

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#### ▲ Eighth Consultative Assembly

Berlin, 22-26 September 1983

■ Meeting on the eve of negotiations for a third Lomé Convention (Lomé III), representatives from the ACP countries and the European Parliament were divided over resolutions on **Southern Africa and human rights**. The first controversy concerned the visit in August 1983 by four Members of the European Parliament (Beyer, Brok, d'Ormesson and Scott-Hopkins) to southern Angola to meet Jonas Savimbi, the leader of UNITA. The ACP unsuccessfully tabled two amendments to the Assembly's resolution on Southern Africa, condemning the visit as 'tantamount to recognition and legal support' of Angolan rebel groups, and 'an illegal act and unjustifiable provocation'. Rejecting a socialist compromise amendment, the Assembly confined itself (through a separate ACP/EEC vote) to points already emphasised in previous resolutions on Southern Africa: the need to aid the frontline states and to apply pressure on the South African regime; regret that certain member states have given tacit support to the *apartheid* regime; and, condemnation of South African aggression and occupation of neighbouring states. Human rights again proved to be a contentious question, with a resolution linking their respect with 'improving economic and social conditions' and a possible 'enrichment' in ACP-EEC relations. ACP objections were accommodated with the addition that 'such a question should on no account be linked with the beginning, promotion and/or continuance of economic cooperation between the ACP and EEC'. Other resolutions were approved *inter alia* on the functioning of the Lomé Convention (including the need to improve STABEX and to alleviate the ACP's \$50 bn debt problem), world hunger, industrial cooperation, cultural cooperation, and ACP students and migrant workers resident in the EEC.<sup>18</sup>

● Many hopes raised when the Lomé II Convention was signed have since been dashed as it became clear that insufficient resources were available to effectively manage the generous provisions of that treaty'. Piet Dankert, President of the European Parliament. *EUROPE* (Brussels) No. 3694, 23 September 1983.

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### WARSAW PACT

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#### ▲ Foreign Ministers Meeting

Sofia, 13-14 October 1983

■ In a carefully worded statement, Warsaw Pact Foreign Ministers offered to continue negotiations on **medium-range nuclear weapons** in 1984, even if agreement was not reached at the Intermediate-Range Nuclear Force (INF) talks in Geneva by the end of 1983. Like the document issued after the last Pact meeting in June 1983,<sup>19</sup> the communiqué was restrained, and left vague what would happen if NATO



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deployments of Cruise and Pershing II missiles in Western Europe went ahead in December 1983. It made clear that the Soviet goal at the INF negotiations remained unchanged, including the demand for NATO's 'renunciation of the deployment of the new medium-range nuclear missiles in Europe'. In return, the Soviet Union would scrap enough of its own medium-range nuclear missiles to bring them down to the level of the British and French independent nuclear deterrents. NATO has repeatedly rejected these Soviet proposals, together with domestic pressures to delay the deployment programme in order to give the Geneva negotiations more time. It maintained its position that the Soviet Union had been deploying SS-20s in breach of its self-imposed moratorium, and that postponement of the Cruise and Pershing deployments would constitute a huge psychological gain for the Soviet Union. Prior to the meeting, the Warsaw Pact Commander-in-Chief, Marshal Kufikov, had threatened to cancel the moratorium if the US deployment went ahead. The US position remained that the INF talks should continue even after the deployment had begun.<sup>20</sup>

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### COMMODITIES

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▲ UNCTAD—Intergovernmental Group of Experts on Tea  
Geneva, 6–14 October 1983

■ Experts from the major tea exporting and importing countries held a fourth round of talks as part of the negotiation of a pact to regulate the world tea market. With Kenya still opposing restrictions on its expanding tea industry,<sup>21</sup> the experts again failed to agree on a quota system, which will be the mainstay of any agreement. Progress was made on several technical issues, including agreement that the quota year should begin on 1 April, and that quotas should be estimated annually (rather than monthly or quarterly). There was also some progress on what should be the agreed indicator market price for tea (based on the prices of the five main producer countries). The US, which does not view variations in tea prices as a serious problem, repeated that it would not join an international tea agreement. If further expert talks in January 1984 are successful, a full scale negotiating conference might be called for March 1984.<sup>22</sup>

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▲ International Coffee Organisation (ICO)  
Council Meeting  
London, 19 September–1 October 1983

■ The seventy-two member ICO agreed to bring into force the new **International Coffee Agreement (ICA)** negotiated in September 1982,<sup>23</sup> to run for six years from 1 October 1983. The central mechanisms of the agreement remain stable, with the global quota raised by 1 mn bags to 56.2 mn bags and the price range which the ICA defends unchanged at 120 to 140 cents a pound. The trigger points at which adjustments in the size of the export quota take place are also unchanged, with provisions for four cuts or increases of 1 mn bags at each end of the price range respectively. Although negotiations on these key issues were straightforward in comparison with previous years, some ICO importing members (including the EEC,

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Japan and the US) used the continuing world coffee surplus as the basis for proposing a cut in the price range of 5 cents (4 per cent). Brazil (which led other producers in advocating an increase of 5 cents in the price range) opposed such a cut on the grounds that heavily indebted countries could not accept a lower price for one of their major earners of foreign exchange. The main delay in the negotiations came over the issue of stricter control on sales to non-member countries. The recent growth in this phenomenon<sup>23</sup> had caused much concern in the past year, with the price of coffee on the non-member market sometimes only half that charged to members. New controls were approved requiring exporting member countries to supply evidence of destination of such sales. If this is not complied with, they can then be deducted from the producing country's export quota. The Council also approved a consumer request for an investigation into all aspects of the non-member market.<sup>24</sup>

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### ▲International Cocoa Organisation (ICCO)

Council Meeting

London, 13-22 July 1983

■ICCO's twenty exporting and twenty-two importing members discussed the possibility of negotiating a new **International Cocoa Agreement (ICCA)** to succeed the current one which expires at the end of September 1984. The present agreement, which came into force in 1981, has been weakened by the refusal of the US and the Ivory Coast (respectively the world's largest importer and exporter) to join. Their absence has been seen as the main reason for the limited impact of the ICCA buffer stock, which ran out of funds in March 1982, after support purchases of 100,000 tonnes had failed to raise prices to the ICCA floor level of \$1.06 a pound. Although the buffer stock had accumulated \$53 mn from the levy paid on cocoa traded by members, it was felt that this would be best conserved for possible use under a future pact. After a series of deferred decisions, the Council finally abandoned the possibility of using ICCO's \$75 mn Brazilian bank loan to buy more cocoa. It was decided to establish a preparatory committee, open to members and non-members of the present ICCA, to start drafting a new agreement in a series of meetings beginning in autumn 1983. The Ivory Coast declared its willingness to participate in these preparatory talks, although the US would not commit itself. The Council will decide at its meeting in March 1984 whether enough progress has been made to enable the convening of a full-scale negotiating conference, planned for Geneva in May 1984.<sup>25</sup>

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### ▲UNCTAD—International Sugar Conference 1983

Geneva, 12-30 September 1983

■Following a first inconclusive conference in May 1983,<sup>26</sup> seventy-nine producers and consumers of sugar made slow progress in the negotiation of a new **International Sugar Agreement (ISA)** to replace the present one which expires at the end of 1984. Although this second round was not expected to lead to the conclusion of a new agreement, there was disappointment at the inability to resolve difficulties concerning both the philosophy and the mechanisms of a new ISA. Three of the four largest exporters—Australia, Brazil and Cuba—blamed the fourth, the EEC, for the failure to resolve major differences. Although it was already accepted that the EEC



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participation essential to a new ISA would necessitate a scale-down of the traditional quota system in order to incorporate substantial stocking provisions, disagreement remained as to how surplus stocks should be handled. Specific disputes centred on the definition of stocks, the extent of stocking obligations, and the role of consultation in deciding on action to correct market imbalances. One particular problem was the EEC's proposal for the withdrawal from the market of 5-6 mn tonnes of security stocks by major exporters, for release only when prices rose to agreed levels. The other nine main exporters<sup>27</sup> wanted surplus stocks removed from the market in line with world demand and falls in the price of sugar. Brazil also argued that the EEC's stocking obligations should take into account the expansion of its exports which, since it is not a member of the ISA, have not been curbed by export quotas. (The EEC has become the largest exporter of sugar outside the socialist countries in recent years.) Another major difference concerned export allocations, which the EEC wanted calculated on the basis of quantities available, while Australia preferred allocations based on market demand. Two further problems concerned the special trade arrangements between countries (such as the Cuban-Soviet deal and the ACP-EEC special arrangement), as well as the unwillingness of many importers (the US in particular) to finance surplus stocks. Delegates called for greater flexibility on all these issues at the next negotiating round in February 1984 (following informal talks in November 1983).<sup>28</sup>

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### ▲Intergovernmental Council of Copper Exporting Countries (CIPEC) Ministerial Conference Paris, 21-22 July 1983

■Following the recovery in copper prices since CIPEC's meeting in Lima in July 1982,<sup>29</sup> the research and development of copper was the main subject discussed by CIPEC's eight member countries.<sup>30</sup> Although the search for measures to boost the price of copper had dominated the Lima meeting, it was felt that the signs of recovery from the recession in the US and Western European economies would prevent prices from falling again this year. The worsening of the debt problems of some member countries also made costly price and production measures less feasible. CIPEC agreed to establish a programme for the research and development of copper, with likely funds of \$20,000. This is to deal with research initially, and with training at a later date. A proposed increase in the fund for financing CIPEC's copper promotion centres in key consuming countries was rejected, because most members could not afford it. Zambia had favoured increasing the centres' budgets in 1983 by \$400,000 to ensure a favourable market for copper in the long term. The US was criticised for draft legislation aimed at taxing copper imports. This would introduce an 'environmental equalisation tax' to remove the advantage held by foreign producers not subject to US environmental taxes. CIPEC called the bill protectionist and 'a serious threat to the future development of the copper industry'.<sup>31</sup>

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### ▲International Tin Council (ITC) Council Session London, 21-22 September 1983

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■At its sixth session under the sixth International Tin Agreement (ITA) the ITC agreed to continue cutbacks in the fourth quarter of 1983 at the existing level of just over 39 per cent of normal production. This decision restricted total fourth quarter exports from producing members to 22,000 tonnes, allocated as follows: Australia, 2,125 tonnes; Indonesia, 5,524 tonnes; Malaysia, 9,123 tonnes; Nigeria, 341 tonnes; Thailand, 4,528 tonnes; and, Zaïre, 359 tonnes. The meeting also focused on the problem of tin smuggling, which is said to have undermined the impact of export cutbacks. The Council approved a report by the ITC Secretariat containing recommendations for the curbing of smuggling (in particular through intensified policing in South-East Asia) in order to try to eliminate the problems at source. Indonesia, Malaysia and Thailand were requested to take joint and individual action to this end, with the cooperation of Singapore also requested.<sup>22</sup>

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### ▲Association of Tin Producing Countries (ATPC)

First Ministerial Meeting

Bangkok, 29-30 September 1983

■Ministers of the newly-launched ATPC<sup>23</sup> decided to base its headquarters in Kuala Lumpur, with the position of Secretary-General to be held by Victor Siahaan of Indonesia. At this stage, the ATPC comprised Bolivia, Indonesia, Malaysia, Nigeria, Thailand and Zaïre (accounting for 92.49 per cent of world tin supply), with Australia set to join and other producers invited to do so.<sup>24</sup> The finalisation of rules and regulations confirmed a system of voting rights and financial contributions proportional to member countries' tin production, together with a budget of about \$400,000 for 1984. It was reiterated that the ATPC will not be a cartel designed to push up tin prices, but will aim to stabilise the market and increase consumption without any conflict with the ITC. The next meeting of the Ministers is planned for Bolivia in September 1984, following a special session in Kuala Lumpur in January 1984.<sup>25</sup>

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## SOUTH-SOUTH

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### ▲Organisation of Petroleum Exporting Countries (OPEC)

Sixty-Eighth Meeting of the Conference

Helsinki, 18-19 July 1983

■Noting increasing signs of stability in the world oil market, OPEC decided to maintain its overall production ceiling of 17.5 mn b/d for the third quarter of 1983, together with the prices set by the Conference in March 1983.<sup>26</sup> Nigeria, whose second quarter quota had exceeded its limit by about 100,000 b/d, pledged to cut back output to its official quota of 1.3 mn b/d. With the aim of eliminating future sudden price shocks, it was decided to reactivate OPEC's Long Term Strategy Committee under the chairmanship of Sheikh Ahmed Yamani, the Saudi Arabian Oil Minister.<sup>27</sup> The Committee was charged with producing an updated report on the feasibility of a long-term pricing strategy for OPEC by the next meeting of the Conference in December 1983.<sup>28</sup>

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### ▲Organisation of Petroleum Exporting Countries (OPEC) Monitoring Committee Meeting Vienna, 15 September 1983

■The Monitoring Committee (Algeria, Indonesia, the United Arab Emirates and Venezuela) decided to maintain OPEC's output ceiling of 17.5 mn b/d, despite predictions of higher demand in the fourth quarter of 1983. It stressed that the existing apparent surge in demand was not attributable to any increase in consumption, and that overproduction by some members was leading to a stock build-up in the third quarter (estimated by OPEC experts at 1.4-2.0 mn b/d) which might be used to depress the market later on. While OPEC and the International Energy Agency (IEA) estimated a lower third quarter demand than in the same period for 1982 of some 400,000 b/d and 900,000 b/d respectively, OPEC Secretariat figures indicated that output in July-August 1983 had averaged 18.3 mn b/d-800,000 b/d above the ceiling. Against this background of market oversupply (with the main non-OPEC exporters having also increased their output), the Committee urged stricter implementation of OPEC's London agreement<sup>40</sup> in order to prevent further quota violations.<sup>40</sup>

●'We in OPEC have accepted the role of being the residual supplier and for that reason we will not spare any effort to defend the market as we did in the past'. Mana Said al-Oteiba, the UAE Oil Minister and Chairman of the Monitoring Committee. *Middle East Economic Survey* (Nicosia) 19 September 1983, p D1.

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### ▲Southern African Development Coordination Council (SADCC) Summit Meeting Maputo, 11 July 1983

■The Heads of the nine SADCC members and the Presidents of the South West Africa People's Organisation (SWAPO) and the African National Congress (ANC) approved a declaration expressing concern over the drought in the SADCC region and calling for international aid. The 1982-3 drought (one of the worst in living memory) had prevented local production from satisfying basic needs, and reduced the ability of member states to obtain foreign exchange through exports. It was estimated that \$230 mn was required to meet the region's most urgent needs, including the minimisation of the effects of drought, a water programme, and the acquisition of livestock and animal-drawn carts. More international aid was also required for SADCC's sectoral projects, which include transport and communications, agriculture, industrial development, and energy and human resources development. In the priority sector of transport and communications, forty-four projects were under implementation, while a further forty-four had been submitted to international agencies. South Africa was again attacked for its policies of regional destabilisation which had intensified since the establishment of SADCC. SADCC was thus being forced to divert a large part of its resources to defence.<sup>41</sup>

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### ▲Organisation of African Unity (OAU) Nineteenth Summit Bureau Meeting Addis Ababa, 15-16 July 1983

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■ Representatives of the nine-member bureau,<sup>43</sup> elected at the OAU's nineteenth summit in June 1983,<sup>44</sup> discussed the civil war in Chad and a recent flare-up of fighting (the first for eighteen months) in the seven-year-old Western Saharan war between Morocco and the Polisario Front. These conflicts had twice caused the nineteenth summit to be postponed over the question of who should represent the territories.<sup>45</sup> The main outcome was a resolution on Chad calling for national reconciliation, a ceasefire, and an end to all African and non-African intervention of a direct or indirect nature. The government of Hissène Habré in N'djamena rejected the call to negotiate with the rebels of former President Goukhouni Oueddei. One of the principal reasons was the alleged backing Goukhouni was receiving from Libya, which the Habré government regarded as the main cause of the present round of conflict in Chad.<sup>46</sup>

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### ▲ OAU Implementation Committee Addis Ababa, 21–22 September 1983

■ This three-day meeting called by OAU Chairman Mengistu Haile Mariam and attended by Guinea, Mali, Nigeria, Sierra Leone, Sudan and Tanzania (members of the implementation committee set up to follow through resolutions on a **ceasefire and referendum on self-determination in the Western Sahara/Sahrawi Arab Democratic Republic**), broke up on the second day when Morocco walked out, after refusing to hold direct talks with SADR President Mohammed Abdelaziz. Although Morocco sent a large delegation (headed by King Hassan's son, Crown Prince Sidi Mohammed Sabah), it was unwilling to make a major concession, and maintained its position that representatives of the Saharan people living in the territory (e.g., Jemaa, Aosario, and Morehob) and of the Polisario Front should meet to establish a representative body. Morocco holds the Polisario fighters to be Algerian and Libyan-backed mercenaries, and does not link direct negotiations with the other main issues of the dispute, including the holding of a referendum.<sup>48</sup>

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### ▲ Conference of France and African States Vittel, France, 3–4 October 1983

■ This tenth Franco-African summit was the largest ever, with a total of twenty-one participants and seventeen observers, including twenty-six Heads of State. Little progress was made on the subject which dominated the meeting, namely **the Chad conflict**. The main achievement was a consensus on the need to restore the 'territorial integrity' of Chad and to seek a 'national reconciliation' among its leaders (thereby rejecting any notion of partitioning the country). Despite a significant softening in the position of President Habré, who dropped long-standing objections to holding direct peace talks with Goukhouni Oueddei and other rebel leaders, a nine-nation sub-committee set up to seek the means of a settlement became deadlocked between supporters of the two main opponents. The committee chairman, President Sekou Touré of Guinea, said that four or five countries had blocked a draft resolution calling for general peace talks among Chad's political groups, but recognising Hissène Habré as President. Although the French President, François Mitterrand, again stressed the informal nature of these summits and the need

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to resolve the Chad question in the OAU, he stressed that French troops would not pull out of Chad until Libyan troops also left the territory. On economic matters, he reemphasised the interdependence of industrialised and developing countries, as well as the relatively advanced position of French aid to the Third World, which had risen from 0.3 per cent of GNP in 1981 to 0.5 per cent in 1983, with the UN target of 0.7 per cent expected to be reached in 1984.<sup>47</sup>

● 'We cannot accept the idea of a Chad cut into pieces . . . President Habré expressed his desire to participate in reconciliation with all Chad factions'. President Mitterrand of France. *The Guardian* (London) 5 October 1983, p 8.

Hissène Habré 'is now saying implicitly that he recognises he has to reckon with a Chad government of which he is merely the dissident defence minister'. Goukhouni Oueddei, former Chad President. *The Guardian* (London) 11 October 1983, p 9.

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▲ Contadora Group  
Summit Meeting  
Cancún, 16-17 July 1983

■ In the first meeting at summit level since their initiative was launched in January 1983, the Presidents of Colombia, Mexico, Panama and Venezuela, the Contadora Group,<sup>48</sup> issued a **Declaration of Cancún concerning peace in Central America**. This statement reiterated the two key elements in the Group's analysis of the Central American conflict: first, that foreign intervention in Central America must end; and second, that the crisis in the region has its origin in deep-rooted social injustice. The 'general guidelines' of the Group's proposed programme for Central America included the following principles: 'approval of political agreements and pledges that lead to effective control of the rash arms build-up in the region; the withdrawal of foreign advisers; the creation of demilitarised zones; a ban on the use of the territory of any state to carry out political and military destabilisation actions against other states; the eradication of trafficking and transfer of weapons; and a ban on other forms of aggression or interference in internal affairs of any country in the area'. Against the threatened invasion of Nicaragua by US-backed insurgents in Honduras,<sup>49</sup> the statement was addressed to all countries of Central America, together with President Reagan of the US and President Castro of Cuba; it was assumed, therefore, that it was addressed to the 2,000 Cuban military advisers believed to be in Nicaragua, the alleged Sandinist supply of weapons to left-wing insurgents in El Salvador, the help given by the US Central Intelligence Agency to the Honduran-based anti-Sandinist rebels, and the establishment of a US army base in Honduras to train 2,400 Salvadoran soldiers in counterinsurgency tactics over the second half of 1983. Although there was little immediate reaction to the meeting (on 18 July 1983) President Reagan announced the appointment of a bipartisan commission, headed by Henry Kissinger, to study the 'underlying problems' of Central America. The nine-man commission, which is to report in January 1984, is examining US interests in the region and making recommendations on medium- and long-term US policy in Central America.<sup>50</sup>

● 'Central American peace will only become a reality to the degree that the fundamental principles for coexistence between nations are respected: non-

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intervention, self-determination, the sovereign equality of states, cooperation for social and economic development, peaceful solution to controversies, as well as free and authentic expression of the people's will'. From the 'Declaration of Cancún concerning peace in Central America'. *BBC Summary of World Broadcasts* ME/7389/D/1, 19 July 1983.

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### ▲ Central American Foreign Ministers Meeting Guatemala City, 19-20 July 1983

■ Further to meetings with the Contadora Group in May 1983 and in response to the latter's Cancún summit, the Foreign Ministers of Costa Rica, El Salvador, Guatemala and Honduras<sup>81</sup> issued a joint statement identifying four priority areas in overcoming the Central American crisis: the conceptual framework; political and security problems; economic and social problems; and, the implementation and control of agreements. The Ministers unanimously stressed the importance of the following aims: (1) halting the arms race, reducing arsenals and reducing the number of or withdrawing foreign advisers; (2) establishing efficient international mechanisms for the control of intraregional arms trafficking and of arms coming from outside the region; (3) restructuring and strengthening trade and economic relations among all countries of the region; (4) creating, promoting and strengthening democratic, pluralist, representative and participative institutions as the expression of the people's sovereign will, through the free exercise of suffrage; (5) eliminating logistical or any other kind of support intended to promote, facilitate and aid terrorism; (6) promoting adequate means and instruments permitting the domestic reconciliation of countries of the area through the participation of all political sectors in electoral events and processes working towards the installation of democratic systems; (7) implementing immediate measures to promote and protect human rights and to solve the refugee problem that is burdening some countries of the region; (8) establishing control mechanisms and international supervision to verify implementation of approved agreements, to include border areas, ports, airports and strategic zones'.

On the fourth anniversary of the Sandinista revolution, Daniel Ortega, the coordinator of the Nicaraguan junta, proposed a separate peace plan containing the following six points: '(1) the immediate signing of a non-aggression agreement between Nicaragua and Honduras; (2) a complete end to the provision of arms to the forces at war in El Salvador; (3) an end to all military support and the use of any territory for the launching of aggression against any government in the area; (4) a commitment to respect self-determination and non-interference in internal affairs; (5) an end to economic discrimination against any country in the area; (6) suspension of military exercises in the area'. The Nicaraguan government announced its willingness to participate in international talks on Central America, thereby dropping its insistence on holding talks only with Honduras.<sup>82</sup>

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### ▲ Contadora Group Foreign Ministers Meeting Panama City, 27-30 July 1983



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■ The Foreign Ministers of the Contadora Group and the five Central American countries reported further progress in the negotiations for peace in Central America, although they failed to adopt any of the three recently-drafted peace plans.<sup>53</sup> Meanwhile, Central American sources rejected President Reagan's call of 26 July 1983 for the region's problems to be resolved in the Organisation of American States (OAS). It was felt that this would contravene an appeal by Javier Pérez de Cuéllar, the UN Secretary-General, to the five Central American nations in May 1983, which had urged the avoidance of forums which encourage confrontationalist attitudes, and which had resulted in a tacit accord that the main forum for peace initiatives would be provided by the Contadora Group. Pérez de Cuéllar pointed out that the OAS would automatically provide a majority for Honduras in its dispute with Nicaragua, while in the UN Security Council Nicaragua would be assured of a majority.<sup>54</sup>

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▲ Contadora Group  
Foreign Ministers Meeting  
Panama City, 7-10 September 1983

■ All nine Contadora and Central American Foreign Ministers reached agreement for the first time on a regional peace plan for Central America. From a twenty-one point 'document of objectives', the following aims were given the greatest prominence: the curbing of the arms race in Central America together with negotiations for the reduction of the existing arms inventory; the banning of foreign forces and the reduction (and eventual elimination) of foreign military advisers; improved methods of political and popular consultation, involving 'permanent dialogue' between government and internal opposition groups and the eventual holding of free elections; and, the promotion of national reconciliation, including, where necessary, the establishment of representative and pluralistic systems. The Ministers urged the immediate establishment of treaties to formalise such commitments and to establish systems for their control and verification.<sup>55</sup>

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▲ Caribbean Community (CARICOM)  
Summit Meeting  
Port of Spain, Trinidad and Tobago, 4-8 July 1983

■ CARICOM's tenth anniversary summit<sup>56</sup> entailed discussion of the main economic and political issues affecting the Community. The ideological differences apparent at CARICOM's last summit in Ocho Rios<sup>57</sup> surfaced over attempts to widen the membership of the group. While the Bahamas became CARICOM's thirteenth member,<sup>58</sup> Grenada and Jamaica were at the centre of a dispute blocking the addition of the Dominican Republic, Haiti and Surinam. It was said that the left-wing governments of Grenada and Guyana opposed membership of the Dominican Republic and Haiti, which are governed by pro-US administrations, while the other Community members blocked Grenada's support of Surinam, which has been under military rule since 1980. The summit was reportedly overshadowed by the verbal confrontation of Edward Seaga, the Jamaican Prime Minister, and Maurice Bishop, Prime Minister of Grenada.

An important economic decision concerned the reactivation of the CARICOM

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Multilateral Clearing Facility (CMCF), which handles regional trade payments. The Facility had been suspended on reaching its credit limit in April 1983, as a result of the growing debt incurred by Guyana. Trinidad reportedly agreed to assist Guyana, which owed about \$98 mn of the \$100 mn fund. The Heads discussed ways of boosting the region's economies, which were hard hit in 1982 by a decline in tourism and falling exports of staple commodities such as sugar, bauxite and bananas. With the Caribbean Development Bank forecasting higher unemployment and larger payments deficits and external debts, the Heads examined the need for a broad structural strategy aimed at more efficient production and marketing of food, and an increased capacity to export manufactured goods and services. The Reagan Administration was asked to include all CARICOM members in its Caribbean Basin Initiative (from which Grenada and Guyana are excluded), and to remove its restrictions on steel imports from Trinidad and Tobago.

CARICOM renewed its support for Guyana in its border dispute with Venezuela, and deplored Guatemala's refusal to abandon its 'unfounded' claim to part of Belize. The summit pledged support for the Contadora initiative on Central America, whose problems it repeated stemmed from 'deep-seated social and economic ills', not East-West ideological rivalry.<sup>99</sup>

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### FOOTNOTES

<sup>1</sup> *UN Press Release GA/AP/1468*, 12 July, and *GA/AP/1469*, 14 July 1983.

<sup>2</sup> Document A/Conf/114/L.3/rev. 1.

<sup>3</sup> Document A/Conf/114/L.4/rev. 2.

<sup>4</sup> See *Third World Quarterly* 5(1) January 1983, pp 177-9.

<sup>5</sup> *UN Weekly News Summary* WS/83/6, 22 June 1983; *UN Press Release* PR/83/6, 8 September 1983; *BBC Summary of World Broadcasts* ME/7435/A/2, 10 September 1983; *International Herald Tribune* 8 September 1983, p 1.

<sup>6</sup> Details of the earlier part of the session are contained in *Third World Quarterly* 5(4) October 1983, p 922.

<sup>7</sup> At the time of this meeting, there were 131 signatories to the Convention (the most recent being Benin and Zaire), all of which are members of the Preparatory Commission. The Convention had now been ratified by the Bahamas, Belize, Egypt, Fiji, Ghana, Jamaica, Mexico, the UN Council for Namibia, and Zambia.

<sup>8</sup> *UN Press Release* SEA/523, 12 September 1983.

<sup>9</sup> See UNCTAD Report TD/B/AC/35/2, 17 June 1983, and corr. 1, 12 August 1983. *Third World Quarterly* 5(1) January 1983, pp 148-50, contains further background information.

<sup>10</sup> Resolution 37/207, December 1982.

<sup>11</sup> *Report of the Meeting of Governmental Experts on the Reverse Transfer of Technology* TD/B/AC.35/4, 20 September 1983. *UNCTAD Press Release* TAD/INF/1493, 30 August 1983, and TAD/INF/1494, 7 September 1983.

<sup>12</sup> *The Guardian* (London) 29 September 1983, p 6. *The Times* (London) 1 October 1983, p 5.

<sup>13</sup> For example, the document points out that in the three previous years per capita income in Latin America and the Caribbean had fallen by 5 per cent, resulting in widespread poverty. Between 1980 and 1982, the terms of trade of the region had dropped by a damaging 40 per cent, and the net loss of international reserves (estimated in 1982 at \$14 bn) had caused a reduction in economic activity, real income and employment, as well as increasing inflationary pressures.

<sup>14</sup> *OAS Press Release* SP-24/83, September 1983. *Financial Times* (London) 9 September 1983, p 7, and 12 September 1983, p 3. *IHT* 12 September 1983.

<sup>15</sup> See *Third World Quarterly* 5(3) July 1983, pp 666-7.

<sup>16</sup> *Ibid*, pp 666-7.

<sup>17</sup> *The Times* (London) 24 September 1983, p 15, 27 September 1983, p 23, 28 September

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- 1983, p 1, and 29 September 1983, p 19. *IHT* 27 September 1983, p 1, and 28 September 1983, p 9. *Financial Times* (London) 27 September 1983, p 1, and 28 September 1983, p 4. *The Guardian* (London) 28 September 1983, p 1. *Daily Telegraph* (London) 28 September 1983, p 23.
- <sup>19</sup> European Parliament Press Release Inf, Br. 127/83, 27 September 1983. *EUROPE* (Brussels) No 3693, 22 September 1983, pp 11-12, and No 3700, 1 October 1983, p 14.
- <sup>20</sup> See *Third World Quarterly* 5(4) October 1983, p 931. *The Times* (London) 15 October 1983, p 7; *The Guardian* (London) 15 October 1983, p 1; *IHT* 15-16 October 1983, p 1; *Financial Times* (London) 15 October 1983, p 2.
- <sup>21</sup> Kenya's exports in 1982-3 totalled 100,000 tonnes, behind India with 200,000 tonnes, and Sri Lanka with 180,000 tonnes.
- <sup>22</sup> *Reuter Coffee Newsletter* No. 198/83, 7 October 1983; *Financial Times* (London) 18 October 1983, p 38.
- <sup>23</sup> See *Third World Quarterly* 5(1) January 1983, pp 167-8.
- <sup>24</sup> See *Third World Quarterly* 5(4) October 1983, pp 932-3.
- <sup>25</sup> *ICO Press Release* PR-81/83, 5 October 1983; *Reuter Coffee Newsletter* No. 194/83, 3 October 1983; *The Guardian* (London) 3 October 1983, p 14; *Financial Times* (London) 4 October 1983, p 28.
- <sup>26</sup> *Reuter Cocoa Newsletter* No. 136/83, 13 July 1983, and No. 144/83, 25 July 1983. *The Guardian* (London) 1 August 1983, p 12.
- <sup>27</sup> See *Third World Quarterly* 5(4) October 1983, pp 934-6.
- <sup>28</sup> Argentina, Australia, Brazil, Cuba, Dominican Republic, India, the Philippines, South Africa, and Thailand.
- <sup>29</sup> *Reuter Sugar Newsletter* No. 192/83, 29 September 1983, and No. 193/83, 30 September 1983; *Financial Times* (London) 29 September 1983, p 38. See also Ian Smith, 'Prospects for a new International Sugar Agreement', in *Journal of World Trade Law* July-August 1983, pp 308-324.
- <sup>30</sup> See *Third World Quarterly* 5(1) January 1983, pp 171-2.
- <sup>31</sup> CIPEC has five full members—Chile, Indonesia, Peru, Zaïre, and Zambia—as well as Australia, Papua New Guinea, and Yugoslavia.
- <sup>32</sup> *Reuter Metal Newsletter* No. 144/83, 25 July 1983.
- <sup>33</sup> *ITC Press Communiqué* 22 September 1983; *Reuter Metal Newsletter* No. 187/83, 22 September 1983, and No. 188/83, 23 September 1983.
- <sup>34</sup> See *Third World Quarterly* 5(3) July 1983, p 680.
- <sup>35</sup> These include Brazil, Burma, China, Niger and Rwanda.
- <sup>36</sup> *Reuter Metal Newsletter* No. 192/83, 29 September 1983, and 193/83, 30 September 1983.
- <sup>37</sup> See *Third World Quarterly* 5(3) July 1983, pp 688-92.
- <sup>38</sup> The Committee also comprises the Oil Ministers of Algeria, Iran, Iraq, Kuwait and Venezuela.
- <sup>39</sup> *Middle East Economic Survey* (Nicosia) 25 July 1983, pp A1-A9; *The Guardian* (London) 20 July 1983, p 20.
- <sup>40</sup> See *Third World Quarterly* 5(3) July 1983, pp 688-92.
- <sup>41</sup> *MEES* (Nicosia) 19 September 1983, pp A1-A4.
- <sup>42</sup> *BBC Summary of World Broadcasts* ME/7384/B/9, 13 July 1983, and ME/W1245/A2/1, 19 July 1983.
- <sup>43</sup> Algeria, Djibouti, Ethiopia, Gabon, Guinea, Nigeria, São Tomé and Príncipe, Swaziland and Zimbabwe.
- <sup>44</sup> See *Third World Quarterly* 5(4) October 1983, pp 939-41.
- <sup>45</sup> See *Third World Quarterly* 5(1) January 1983, pp 182-5, and 5(2) April 1983, pp 456-9.
- <sup>46</sup> *BBC Summary of World Broadcasts* ME/7390/B/1, 20 July 1983; *The Guardian* (London), 15 July 1983, p 8, and 18 July 1983, p 5.
- <sup>47</sup> *West Africa* (London) 3 October 1983, p 2268. *IHT* 23 September 1983, p 2.
- <sup>48</sup> *West Africa* (London) 10 October 1983, pp 2332-3; *BBC Summary of World Broadcasts* ME/7458/B/1, 7 October 1983; *IHT* 5 October 1983, p 1; *The Guardian* (London) 5 October 1983, p 8; *Financial Times* (London) 5 October 1983, p 4.
- <sup>49</sup> Belisario Betancur of Colombia, Miguel de la Madrid of Mexico, Ricardo de la Espriella of Panama, and Luis Herrera Campins of Venezuela. Details of previous Contadora Group

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- meetings are contained in *Third World Quarterly* 5(3) July 1983, pp 686-7, and 5(4) October 1983, pp 938-9.
- <sup>40</sup> The meeting coincided with a claim by Nicaragua that more than 2,000 US-backed Nicaraguan rebels based in Honduras were poised to launch an invasion of Nicaragua on two fronts.
- <sup>41</sup> *BBC Summary of World Broadcasts* ME/7389/D/1, 19 July 1983; *The Times* (London) 15 July 1983, p 7, and 19 July 1983, p 5; *IHT* 19 July 1983, p 1.
- <sup>42</sup> Fernando Volio Jimenez of Costa Rica, Fidel Chavez Mena of El Salvador, Eduardo Castillo Arriola of Guatemala, and Edgardo Paz Barnica of Honduras. Miguel d'Escoto, the Foreign Minister of Nicaragua (the fifth Central American country involved in the regional crisis), was attending the celebrations in Managua of the fourth anniversary of the Sandinista revolution.
- <sup>43</sup> *BBC Summary of World Broadcasts* ME/7393/D/1, 23 July 1983; *The Times* (London) 20 July 1983, p 7, and 21 July 1983, p 5; *Six-Point Plan Proposed by Daniel Ortega, Coordinator of the Government of National Reconstruction and Commander of the Revolution*, Nicaraguan Embassy, London, 19 July 1983.
- <sup>44</sup> See above, meetings at Cancún and Guatemala City.
- <sup>45</sup> *The Guardian* (London) 29 July 1983, p 5; *The Times* (London) 1 August 1983, p 6; *IHT* 1 August 1983, p 5.
- <sup>46</sup> *BBC Summary of World Broadcasts* ME/7438/D/1, 14 September 1983; *Daily Telegraph* (London) 12 September 1983, p 5.
- <sup>47</sup> CARICOM was established at Chaguaramas, Trinidad and Tobago, on 4 July 1973.
- <sup>48</sup> Third Meeting of the Conference of Heads of Government, Ocho Rios, 16-18 November 1982. See *Third World Quarterly* 5(2) April 1983, p 455-6.
- <sup>49</sup> CARICOM thus comprises the following countries: Antigua and Barbuda; Bahamas; Barbados; Belize; Dominica; Grenada; Guyana; Jamaica; Monserrat; St Lucia; St Kitts/Nevis; St Vincent and the Grenadines; and, Trinidad and Tobago. At the present meeting, all states were represented by their Heads of Government except Antigua and Barbuda, which was represented by its Deputy Prime Minister.
- <sup>50</sup> *Latin American Regional Reports Caribbean* (London) RC-83-06 23 July 1983, pp 3-5; *BBC Summary of World Broadcasts* ME/W1245/A3/1, 19 July 1983; *The Guardian* (London) 4 July 1983, p 7; *IHT* 9 July 1983, p 2; *The Times* (London) 11 July 1983, p 5.

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THE HISTORY OF THE

REIGN OF  
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Boulder, Colorado: Westview Press. 1981. 158pp. £13.00

The crisis in Central America began in earnest with the overthrow of Somoza in

Nicaragua in July 1979. The Sandinista revolution attracted widespread attention, converted a decades-long social conflict in the region into an open contest for state power, issued a substantial challenge to the dominance of the US in a key strategic area, and threw up the germs of a governmental system that had a good claim to be significantly at variance with the two stereotypes (capitalism/communism) that are used as shorthand in the international division of power. It is worth bearing in mind that this last point was recognised for a while by some in Washington; which for a period of about a year remained divided over how to proceed with the confusing legacy of Somoza's fall. In the event, it was not long before popular mobilisation in El Salvador and the assumption of power by the Reagan team confirmed a new element in the crisis: its inclusion into the new cold war as a result of the loudly-proclaimed agency of Cuba and, at a certain but not distant remove, the machinations of the Soviet Union. What had been for a time a critical but essentially parochial enterprise was transformed into a major component of a revitalised global schism.

The initial consolidation of the Nicaraguan revolution combined with the extended civil war in El Salvador served to imbue the conflict, in appearance at least, with a number of contrasting characteristics that enhanced interest in it. This was one revolution that had achieved success in terms of gaining state power and was now engaged in a remarkably open and challenging task of formulating a new social policy for which the only local precedents were the widely contrasting examples of Mexico (1910-20), Cuba (1959-), and Chile (1970-3). The positive possibilities of this scenario at the end of a decade of unrelenting authoritarian reaction throughout Latin America attracted a great many hopes and could be said without exaggeration to have prompted a type of psychological quantum jump in the search for viable models for social change in the Third World. On the other hand, the impact of the victory in Nicaragua had set off similar but distinct struggles in the neighbouring states of an essentially balkanised region. These struggles were not immediately successful, not least because they lacked the peculiar advantages that obtained in Nicaragua under Somoza and Carter. One might also hazard the observation that they suffered all the disadvantages of not being first in the queue. As a result, the forces of national liberation in El Salvador and Guatemala became bogged down in protracted military encounters of now renowned barbarity and, for the international audience at least, tended to mutate either into a confirmation of the domino theory or popular/democratic versus dictatorial/imperialist conflicts of a familiar type. In one sense it is the very symmetry of contemporary Central American politics that has contrived to maintain widespread interest in them—rapid triumph and prolonged struggle; the responsibilities of freedom and the deadweight of oppression; national liberation and hemispheric threat—all these elements intermingle to sustain the attention of various constituencies and political forces. The fact that such polarisations are partly perceived and partly authentic and rooted in society makes comprehension of the crisis that much more complex.

The veritable flood of studies on the region that has occurred in the last four years has been of predictably uneven quality, as befits the 'crisis genre'. Before 1979 even the academic output on Central America was extraordinarily thin, and more directly polemical or political texts were almost unknown beyond its boundaries. We must, therefore, welcome the new wave of literature in so far as it presents a picture of an area that had previously suffered from all the disadvantages of being a 'backyard'. None the less, the international ramifications of the present crisis and the intractable problems





that manifestly exist at a number of levels demand a greater analytical acuteness and imagination than is normally sought either in narrow intellectual monographs or what may schematically be denominated 'solidarity writing'. The speed and consequence of events has been such that many worthy background studies have not so much become dated as neutralised by the fact that they lack the intellectual nerve to go beyond factual description and emotional alignment.

This problem is evident in George Black's study of the Nicaraguan revolution, a book which in terms of narrative depth stands head and shoulders above any other on this topic and is already established as the definitive English-language treatment. Black must be congratulated for his labours with empirical data and recognised as a serious literary proponent of the Sandinista cause. His text brings together a wide selection of sources, many of which are extremely scarce. However, it fails as a simple solidarity book in that it is extremely long and cumbersome in style, being unlikely to hold the attention of those who are interested in the subject but unprepared for an extended and extremely detailed depiction. This would be of little consequence were it not for the fact that the study is penned in populist style and clearly orientated towards the general reader; the form and content are too much at odds for it to enjoy the success it could have been expected to achieve had editorial guidance been more disciplined. A more appreciable problem resides in the fact that the text is so trenchantly faithful in its defence of the Sandinista cause that although we are given valuable and incisive insights into the operations and expectations of this political current, *sandinismo* is projected implicitly as well as explicitly as simply one—the correct—side of an unproblematic bipolar relation. This radically reduces the scope for a critical perspective, limits a sober appreciation of the subjective as well as the objective problems facing the revolution, and proscribes an 'innocent' reading of its rendition of Nicaraguan history over the last twenty years. What has occurred since July 1979 is indeed a very special process, conditioned, as are all national liberation movements, by specific social and political factors. Yet, it is by no means so peculiar as to be *sui generis*, as Black implies throughout and on occasions baldly states. Events since 1979 have reasserted that problems such as agrarian reform and the forms of popular political participation are a good deal more typical in character than the vision presented here suggests. A full understanding of post-revolutionary Nicaragua has to take on board not just the experience of Cuba and Chile but also those experiences outside Latin America, where the difficulties of political bureaucratisation, the fairweather opportunities of 'radicalism in one country', and the profound, land-based conservatism of the rural masses have proved to be historically recurrent.

The signal strength of Weber's short study is that it confronts one such problem—popular democracy—in a manner that is sufficiently agile to take into consideration general criteria drawn from other analogous examples whilst appreciating the demands of the local context. Weber is not an expert on Nicaragua or Latin America and his book lacks the factual depth of Black's, but this gives him certain advantages for outlining in a lucid manner the background to the revolution and projecting the possibilities for its development. The author not only provides the most accessible introduction to the FSLN's (Sandinista Liberation Front) revolution but also sustains a spirited polemic in favour of a participationism that transcends party *diktat* or second-hand bourgeois legalism and is centred on a form of open sovietisation. However, the book was written in 1980, at a time when such a vision was more plausible

than at the end of 1983. Following a prolonged period of external pressure, it is difficult, even for the friends of the new Nicaragua, to avoid the conclusion that many of the possibilities of the initial phase have faded to such a degree that major shifts in the structure of power and the form of practising politics will be required in order to regain the early promise. Such a view reflects something of an unholy alliance between the revolutionary left and the adherents of social democracy who have united, albeit uncomfortably and with different objectives, against the Maginot Line mentality prevalent in Washington, to fight for the space necessary to undertake such changes. What Weber only mentions in passing, and what appears to be increasingly worthy of consideration, is the fact that the discernible movement towards bureaucratisation and rigidity in the political hierarchy possesses internal as well as external coordinates. There are within the framework of national liberation sundry possibilities for popular military preparation, the incorporation of women, and the decentralisation of policy formulation, and not all the setbacks witnessed in Nicaragua are due to unalterable objective factors. It is not a popular thing to say these days, but those on the left must square up to attacks from the right by conceding that the FSLN does not have a monopoly on such schemes and it has far too often behaved as if this were the only possibility. This is not, it should be stressed, tantamount to conceding to the objections of the right but a necessary step towards building on the recognition that the antics of the clay-footed giant to the north do not provide an all-embracing escape clause with respect to the defence of the Nicaraguan revolution, just as the continual threats made and occasionally realised by Pretoria do not let the Mugabe administration off the hook with regard to a number of its activities. What Weber shows is that the FSLN's revolution needs criticism and invention as an integral part of rather than as a substitute for support against North American destabilisation. In my view, these must not become less acute simply because the US challenge grows; one hopes that Black will not object that this is no more than pretty theorising and dangerously counter-productive. It is, of course, to engage with risks, but these have more to offer than retrenchment in military stasis at the cost of everything else.

If the Nicaraguan example has demonstrated that the taking of power is the beginning not the end of the challenge of fostering profound social change, that of El Salvador has underwritten with great forcefulness that the exigencies of capturing power vary very widely even over the distance of a couple of hundred miles. El Salvador is appreciably distinct from Nicaragua in its social formation, historical development, and political character, but most importantly of all it has been denied the opportunity of repeating the Managua model by virtue of US intervention. In this sense, if in none other, we are witnessing the reprise of Vietnam. Armstrong and Shenk note the analogy but without being too hectoring or indulging in untenable comparisons. Their text is a thoroughly workmanlike introduction, full of first-hand and vivid details on daily life, and consistently sharp in its presentation of the repression necessary to hold the Salvadorean people back from an inheritance they have actively sought at great cost for a number of decades. The book is particularly good in outlining the confusing shifts in government and policy patronised by Washington since the 'reformist coup' of October 1979—the event that opened the present civil war—as well as delineating those in the configuration of the united opposition front, the FDR-FMLN (Frente Democrática Revolucionaria-Frente Farabundo Martí Para la Liberación Nacional). The twists and turns taken in this latter process were partly a response to the regime's shift to the right and partly the

result of a post-July 1979 incorporation of centrist forces into the armed alliance formed by the left. Although the trajectory of social polarisation in El Salvador has been inexorable and extreme, many of its political features have been much more fluid and open. The FDR-FMLN is not a homogeneous body and spans a number of very disparate forces which, especially in the light of the Nicaraguan experience, are not likely to remain in harness for long should they achieve a military victory (or engage in serious negotiations with the regime). Equally, the country's dominant bloc has proved to be substantially less unified than Somoza's apparatus (as opposed to the Nicaraguan capitalist class as a whole) partly because the military is a more genuinely institutional animal, however great its operational deficiencies or dependence on unthinking slaughter, and partly because US intervention has introduced requirements that have not always been easily married with the needs of the local landowning oligarchy although this has been their objective. The authors register these developments and their consequences but do not analyse them in depth; theirs is a solidarity volume, the tenor of which is fully consonant with its aim of giving a fluent *tour d'horizon* that is fully sympathetic to the avowed aims and unity of the FDR. While its lack of discussion may prove too superficially partisan for some, this is a valuable introduction to the present crisis in El Salvador.

Thomas Anderson is the leading US scholar of El Salvador and his book on the abortive revolution of 1932 remains a central reference point for the understanding of the origins of the contemporary conflict. His most recent publication—a 250-page overview of all Central America bar Costa Rica and Panama for the Hoover Institution—embodies all the difficulties of a liberal historian being pressured into producing a rapid and coherent study that directly addresses existing political issues. However, the volume that concerns us here is that which preceded the Hoover Institution study and takes as its object of analysis the 1969 conflict between Honduras and El Salvador that eventually boiled up into a short but vicious border war. In the work under review, Anderson has retained many of the strengths of his study on 1932 in that his depiction is carefully-researched and judicious in its overall assessment of an affair that has far too often been shunted into the realm of exotic anecdote. The war was, in fact, a not untypical inter-nation crisis contrived by interested parties in order to relieve the military dictatorships of both states of the pressures of popular mobilisation for land and to siphon off through jingoism what they could not buy off or stamp out by their accustomed methods of control. If anything, Anderson is too painstaking a writer, his measured liberalism failing to capture the extremes of nationalist sentiments or the essential dynamics of political and ideological belligerence in Central America. He is altogether happier when dealing with institutional questions and painting broad canvases. The image of the 'football war' he gives us constitutes a valuable and sober rendition of one set of formal 'facts', but they lack life and are insufficiently linked to the struggles that were to take full form less than ten years later.

What Anderson lacks in terms of a comprehension of the interstices of political passions and ideological motivation is more than compensated for in Erdozain's explicitly hagiographical piece on Archbishop Romero, a figure who more than any other personified the strains of a defence of humanism in fundamentally anti-humanist conditions. There is very little that can be said of this book except that it is fulsome celebration that at least captures some of the impact made by Romero's undeniably singular character. If a more balanced and detailed study of the cleric's career is required

readers are better referred to James Brockman's *The Word Remains: a life of Oscar Romero* (Maryknoll: New York 1982), which has the merit of addressing the issues of liberation theology and unsteady papal authority in some depth and with greater sensitivity than one might at first expect from a *romerista* and advocate of the church radical if not exactly militant.

A change of spice is immediately evident in the opening pages of Pope Atkins' study of the political developments of the last five years in the Dominican Republic since his primary concern is to explore the means by which the truculent Dominican armed forces were prevailed upon to acquiesce in what transpired to be a remarkably smooth electoral exchange of power in 1978 from Joaquin Balaguer, who had ruled since 1966, to the opposition PRD led by Antonio Guzman. This success in implementing the withdrawal of an essentially authoritarian regime, albeit one that was civilian and kept to comfortably winnable electoral schedules, was celebrated with some insistence by the Carter Administration which patronised it as a part of the human rights policy that was to prove such a dismal failure in almost every other quarter. It cannot, however, be taken as a viable recipe for mainland Central America for a number of reasons, the most obvious of which are the new conditions that prevail after Somoza's fall and the fact that the Dominican Republic was invaded and unambiguously subdued by US marines in 1965. The invasion may in some respects be compared to the Indonesian coup against Sukarno in that its effects were as important on a regional scale as in the domestic context; in one case a much-needed rearguard was secured for the frontline in Vietnam, in the other the scope of Cuba's actions was cut back and Central America provided with a low-profile but powerful off-shore garrison. Pope Atkins is a military expert and at his best when considering Balaguer's treatment of his generals which was sufficiently adroit to make this a compelling account of insular Machiavellianism in its own right. The focus is, though, very limited and lacks a convincing assessment of the wider social problems that are brewing up in both sectors of Hispaniola faster than Washington appears to have perceived. If a national liberation struggle in the region should take on a predominantly anti-imperialist character, then the Dominican Republic must surely be one of the prime candidates for its sites on economic as well as strategic grounds. The fact that it has not yet taken this form to the same degree as in the mainland requires further consideration both in local terms and within a reappraisal of a zone that is far more complex in character than the awful battles taking place inside it suggest it to be. The very incompleteness of the process of national formation in Central America and the Caribbean is an indicator that while national liberation is on the agenda across the board, in itself it is not likely to resolve the social issues that have compelled its emergence. We now require discussion on a wider scale both geographically and politically.

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### Transnational Corporations in World Development—Third Survey

UN Centre on Transnational Corporations

New York: United Nations. 1983. 380pp. np.

One of the most useful functions that the UN Centre on TNCs has served so far, at least

to the academic community, has been to produce its series of surveys on the current state of play in the international investment field. These documents, unfortunately still not published in proper book form, are replete with data, garnered painstakingly from a multitude of sources. They are particularly valuable as ready handbooks of information on the world's largest enterprises and on flows of direct investment to the Third World. The present volume, the third in the series, has about 100 pages of statistical data at the end as well as 29 summary tables in the text—these will undoubtedly mould all discussion of TNC activity for the next 4–5 years until the next survey is produced.

The written text is something of a mixed bag. As with many UN documents, much of it is turgid and bland, with some quite good analysis overlaid by UNocratic platitudes. But the stodgy style should not be allowed to put the interested reader off. There are some nuggets of penetrating insight and some excellent analytical writing (e.g. on the sharing of benefits). There are also several weak sections—in particular, the waffly and uncritical chapter on host developing country policies on foreign investment (which lumps together, in one category, countries as diverse as Brazil, with its \$1.5 billion annual inflow of TNC capital, and India, with a net *outflow*, in the 1970s), the lengthy section on codes of conduct (a singularly fruitless exercise), and the one on the 'sociocultural impact' of TNCs. Apart from the straightforward description of who has been doing what in the last few years, the best sections are those on TNCs and exports from developing countries, special industry analyses, technology transfer by TNCs, and TNCs and industrialisation strategy. I particularly recommend the excellent analysis of 'new forms' of investment and technology transfer. Although some strange UN Code of Conduct prevents the authors of the report from saying in this last section that it is the strategies pursued by host governments which have been responsible for the good or bad performance of TNCs, and that outward-looking strategies are clearly far superior to import-substituting ones, the message comes across pretty clearly. Its a pity that this section is not tied in at all with the discussion of host government policies.

A specialist in the field will undoubtedly find a slightly archaic flavour to the survey. The references are rather out-of-date, and the authors of some sections seem to be unaware of several new works in their respective areas. What is worse, the report does not have a coherent analytical structure into which different bits can be fitted, according to which the mountains of data can be analysed and from which policy prescriptions could flow. Thus, there is constant, implicit approbation of government intervention in investment and technology flows, despite the obvious costs of protecting inefficient local enterprises and setting back technical progress (as in India, the most restrictive of the major Third World countries). Efficiency in resource allocation and the realisation of dynamic comparative advantages—surely the 'bottom line' in any development strategy—are scarcely considered as the survey goes on, at great length, about the pursuit of 'national objectives' (however inefficient experience shows them to be).

A reviewer must not, however, be too unrealistic. After all, such surveys are governed by the UN requirement that member-states cannot be directly criticised. We must be thankful that, despite these constraints, a great deal of valuable information is put together and described. As an interested researcher, I would plead for a more frequent (every two years?) publication of *Survey*, in a more appetising format. Would it be too much also to ask for a better structured, more rigorous analysis?

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**Inequalising Trade? A Study of Traditional North-South Specialisation in the Context of Terms of Trade Concepts**

John Spraos

Oxford: OUP (with UNCTAD). 1983. 169pp. £15.00

This volume contains eight chapters. Its main body (chapters 4-8) is preceded by two chapters which survey the relevant theoretical and statistical work in a systematic and comprehensive fashion. Chapter 1 serves both as a general summary and as a 'travel guide' to the material dealt with. The final chapter contains the familiar policy recommendations of diversification and price enhancement, strangely referred to as 'controversial'.

The purpose of the book is to tackle the (almost) eternal issue of the dissatisfaction of developing countries (the so-called 'South') with the pattern of trade and specialisation which they inherited from the colonial period. This dissatisfaction relates both to their absolute poverty as well as to their relative poverty *vis-à-vis* the developed countries (the so-called 'North'). The book emphasises relative poverty and addresses the question of whether or not the 'traditional' pattern of specialisation has contributed to the alleviation or aggravation of inequality. 'Traditional' is taken to mean the pattern whereby the South specialises in and exports primary commodities in return for manufactured imports from the North. Fuels are excluded from this relationship on the grounds that the effective cartelisation of petroleum in 1973 has done justice to the South in terms of that particular product.

Professor Spraos stresses that the dissatisfaction of the South, which is substantiated by their deteriorating terms of trade (the Prebisch/Singer proposition), has been inadequately tackled using Net Barter Terms of Trade (NBTT). He rightly believes that the appropriate terms of trade should incorporate both productivity and employment, particularly since the South is characterised by chronic unemployment. This three-dimensional Double Factorial Index (DFTI) is given a rigorous treatment in a model which has market-clearing for commodities. This part of the book is good and should be compulsory reading for all those interested in trade theory.

However, in the opinion of this reviewer, the empirical work is subject to serious reservations. Although Spraos is well aware that the South is not a homogeneous group, he insists that for the purposes of the book disaggregating the group is not only unhelpful but is also a positive hindrance: 'if the expansion of tea-growing is good for Kenya, it cannot be concluded that it is good for the South as a whole, because Kenyan gains are at the cost of bigger losses by existing tea producers; while it was good for South Korea or Taiwan to have export-oriented industrialisation it does not follow that all developing countries simultaneously should aim for export orientation, because they may be scoring gains against each other and/or triggering off more protectionist responses from the North'.

Surely, the logical consequence of these important realistic considerations is to abandon, for statistical analysis, the broad dichotomy of the globe into North and South and to analyse the bilateral relationship between homogeneous groups *within* the South and the groups they trade with *within* the North, or even within the South for that matter. In other words, Spraos' assertions in this context make sense only if one believes that broad grandiose statements re North/South have some practical significance. I believe that such structures are as misleading as the classification of economists into



either 'Keynesians' or 'Monetarists'. An analysis which incorporates familiar policy recommendations that are intended to be taken seriously must concentrate on such groups as the Newly Industrialising Countries (NICs), poor agrarian economies, etc.; after all, how would one go about distributing, on a country basis, an income transfer from the North to the South which is meant to compensate for the 'inequalising trade'? In short, Spraos has fallen into a trap which he built for himself but attributes to Prebisch and Singer: at the time these two were advancing their proposition (1950), these realistic considerations were not prominent enough to merit incorporation in their analyses!

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### **Islam in the Political Process**

Edited by James P Piscatori

Cambridge: CUP. 1983. 240pp. £19.50. £7.95pb

Reading this work, one is reminded over and over again of the extraordinary diversity of ways in which Islam has been used by politicians and their opponents. This is not, of course, a solely modern phenomenon but Piscatori's work highlights very clearly the situation in our own age. And in his Introduction to the volume he cites the questions put by Edward W Said in 1979: 'Whose Islam? and when?'. It has been a cliché among students of Islam for many years that there has been a 'unique inseparability of sacred and secular' down through the ages and that it was a foolish man who tried to separate the two. Piscatori differs from this standard interpretation of Islamic civilisation: 'Throughout Islamic history,' he says, 'temporal authorities have wielded a weightier sword than that of the spiritual authorities.' Furthermore, he warns that 'the lively interjection of religion into politics and of politics into religion is not an exclusively Islamic phenomenon' and that European history has witnessed a similar kind of interaction.

Piscatori, and the authors he has collected together, are thus concerned to challenge some of the stereotyped assumptions which have all too easily arisen about Islam, particularly since the Iranian revolution. Islam has reacted, or interacted differently, according to the region in which it has flourished. This fact is analysed through case studies of eleven different, mainly Islamic, countries: Egypt, Sudan, Saudi Arabia, Syria, Iraq, Algeria, Senegal, Turkey, Iran, Pakistan and Indonesia. In each area there is a different kind of balance between politics and religion. Thus, in the case of Egypt, Fouad Ajami emphasises the subservient role of Al-Azhar University to the authorities of the day. In the Sudan it is the role of the *sufi* orders which Alexander S Cudsi stresses. The Saudis, according to Piscatori, use the *Quran* as a kind of divine constitution to legitimate their monarchy. In Syria and Iraq, however, it is emphasised by Michael C Hudson that Islam is less deeply rooted than elsewhere, and it is only one of several strands which must be taken into account in any analysis of modern Syrian and Iraqi politics.

*Islam in the Political Process* has a number of features in common with another recent work *Islam and Power*, edited by Alexander S Cudsi and Ali E Hillaal Dessouki (London: Croom Helm, 1981), which was reviewed in *Third World Quarterly* 4(2) April

1982. Both deal with the mix of politics and religion and both may be described as academic by-products of the Iranian revolution. Piscatori's excellent collection of thoughtful and well-researched articles deserves to be read and pondered upon by all who are interested in the vitality of modern Islam.

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### South-South Relations in a Changing World Order

Edited by Jerker Carlsson

Uppsala: Scandinavian Institute of African Studies. 1982. 166pp. np

Since the failure of the Cancún Summit to break the stalemate in the North-South dialogue and move it forward there have been several publications on South-South Cooperation, *South-South Relations in a Changing World Order*, edited by Jerker Carlsson is one more of these and claims to identify the driving forces behind the emergence of South-South relations.

Many recent studies tend to look at South-South cooperation as a second-best alternative to North-South cooperation. These studies are also undertaken in terms of marginal changes in the dominant development paradigm and the international system that is currently in place. The contributors to the Carlsson book have tended to fall into this intellectual trap as they try to find examples of South-South cooperation in the experience of Indian multinationals or in isolated relations between Brazil and Nigeria.

South-South cooperation has to be envisaged as an end in itself, with its own logic and valuational framework. The concept implies a new relationship between people in the South, between people and resources and people and technology. The process of South-South cooperation must be a means of reducing the contradictions in the South. The heightening of contradictions as a result of selected examples of South-South relations under the existing framework of international economic relations cannot be used to illustrate a new kind of cooperative movement that still needs to be conceptualised. The papers presented in the Kungälv seminar reflect isolated examples of South-South cooperation within the present international framework which enhance the contradictions within the South. The lack of conceptual clarity will only serve to increase the fears of smaller Southern countries about the process as a whole.

After World War II, when most Third World countries emerged as politically independent nations from centuries of colonial rule, they adopted a development model which was inimical to development in wider human terms and full of contradictions even in its own terms. They also agreed to incorporation into a global economic system over which they had no control and which permitted, for the most part, the continuation of international economic relations of the colonial period and dominance of the industrialised North.

The adverse consequences of the workings of this development model within developing countries and the widening economic gap between industrialised and Third World countries needs no elaboration. Aid and transfer of technology from rich to poor countries, instead of bridging the gap have helped to create soft societies in most of the South and increased the dependence of poor countries. Further, transnational corporations in the North which control a great deal of the financial resources and stocks



of 'modern' technology have extracted high prices for their know-how and equipment. The 'borrowed' highly capital-intensive, import-substituting technology which is continuing to be implanted in Third World countries has little relation either to real factor endowment, particularly labour, or to the existing technological stock. The entire process is wasteful and the contradictions too numerous.

Throughout the 1960s and early 1970s some token attempts have been made to modify this concept of development and effect some marginal reforms in the workings of the international system. However, the 'hidden' agenda of the industrialised countries have thwarted any real progress in the North-South dialogue or on the proposals advanced by the Third World countries for a NIEO.

The current global economic crisis has added further to the problems of the poor countries which are now squeezed between stagnating growth, increasing debt and falling exports. The inability of the industrialised countries who took over the responsibility for managing the international economy has further complicated the process of change for the South. The rationale for South-South cooperation in new terms must be found within these compulsions for change and the process and institutions must be qualitatively different.

A political consensus must be arrived at in the South and must start from a common view of development as a process rooted in each society, enhancing the self reliance and meeting the material and non-material needs of all its members. Some serious thinking has recently been initiated on the paradigm shift called for and the manner in which South-South cooperation as a means for promoting collective self-reliance among Third World countries and for promoting a broader process of economic and cultural de-colonisation can be initiated.

Jerker Carlsson and his colleagues have recognised the need for more research, but research has to be preceded by evolving a new perspective. This new perspective is not evident in the book. Neither is their reference to the new action research methodology for experimenting with South-South cooperation. The South itself needs to reflect more on the question of what research and how, if South-South relations are not to be an imitation of current North-South relations.

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**Economic Development: theory, policy and international relations**

Ian M D Little

New York: Twentieth Century Fund. 452pp. np

**The Struggle for Development: national strategies in an international context**

Edited by Manfred Bienefeld and Martin Godfrey

Chichester, England: John Wiley. 1982. 378pp. £24.95

Although these two books come from rather different stables, so to speak, they complement each other nicely. The former gives a useful and well-rounded survey of the literature on development theory and policy as well as an outline of recent developments in the field of international relations. The latter examines the development

problems and prospects of a number of national economies within the wider setting of the international economy. Taken together, they succeed in providing a happy combination of the general and the specific. This was obviously not the intention of the respective publishing houses, but rather one of those strange coincidences which the publishing world manages to throw up from time to time.

Ian Little's book on *Economic Development: theory, policy and international relations* seeks to explore the extent of our knowledge and perception of the nature of the development process. What lessons specifically have we learnt after four decades of theorising, planning and experiment, and what do we still need to learn? These questions are asked not, it seems, for the purpose of deciding whether or not we have got it right, but rather to survey the vast range of problems which confronts the development economist, and more importantly, to try to make sense of the various theories (some may say panaceas) which have been advocated since the end of World War II.

His book falls into six parts. Part I deals with basic notions, the sort of standard introductory ideas which are the starting blocks of any serious study on development. It then moves on to a survey of the literature covering the principal theories of planning and industrialisation between 1943 and 1960. In a sense, this is where the real meat of the book lies. The author gives a very good review of the various theoretical debates surrounding the nature, purpose and value of planning as they emerged during these years. He treats the concepts and arguments with feeling and fairness. At the same time, he provides a very lucid presentation of the different theories of development which, at that time, were coming rather fast and furious. All the big names are there; Nurkse, Lewis, Myrdal, Hirschman, Prebisch, to give just a few examples.

The resurgence of neo-classical economics after 1960 is discussed in Part III. In reality this is no more than an extension of the earlier discussion on the various types and levels of planning. A number of other issues are examined, e.g. the role of agriculture, unemployment, instability, transnationals, but it is not clear in what sense they represent a return to neo-classical economics as conventionally understood. In Part IV the author discusses the new radicalism, namely dependency and underdevelopment, basic needs and related issues. He manages to negotiate his way through this particular minefield without any casualties on either side. Part V which deals with a description and record of the developing countries seems a little out of place. Fortunately, it is a small chapter, so no real damage is done to the overall structure and coherence. The final section covers international systems and confrontations, in effect, the international economy and the whole range of problems which have beset it over the last ten years, i.e. the collapse of the Bretton Woods System, the call for a New International Economic Order, and all that that has led to.

Bienefeld and Godfrey's book on *The Struggle for Development* reviews the development experience of a number of developed and developing countries in order to assess the development prospects of the developing countries generally, but more specifically, to see to what extent national and international factors determine the outcome of their development strategies. In other words, do the developing countries have a free hand in implementing their development strategies, in which case the only constraints are internal (national) or, are they constrained by external (international) factors, and if so, how serious are these factors? In a sense, this is the perennial question facing development economists, and the fact that they have not been able to come up with a definitive answer one way or the other probably means that it is likely to remain



one of the great imponderables of the discipline. Still, it is necessary to give the question a good airing from time to time.

From their analytical perceptions of the problem as outlined in the introduction it is clear that their approach is influenced by the Marxist and dependency schools. One may, therefore, be forgiven for expecting a full-blooded attack on conventional neo-classical economics, imperialism and all the other issues which are ritually trotted out on these occasions. However, it never really gets to that, due possibly to the fact that each country's experiences are rather different, and to try to pit them against a single set of ideological paradigms is really asking too much. Developing countries have to take the world as it is; they cannot wait for the millennium to usher in their development.

Bienefeld's opening chapter on the constraints and opportunities in a changing world is in effect, a very useful survey of the literature on development theory and strategies. The basic difference between this and Ian Little's survey referred to earlier is that the latter is written mainly with the layman in mind, whereas the former is for the serious student and/or researcher in the field, someone, as they say, who is already into the subject. The rest of the book deals with specific country experiences, one chapter for each of the following countries: United Kingdom, Japan, China, India, Brazil, South Korea, Costa Rica, Iceland, Kenya, Tanzania, and North Korea. There is also an appendix of some 23 tables incorporating comparative data on most of the countries covered.

Each country's study seeks to answer a specific question or at least to develop a particular thesis. In the case of the United Kingdom, for example, the question is whether its industrialisation was unique or are there relevant lessons for the developing countries? The author comes to the former conclusion. Hardly surprising! The experiences of the front runner are likely to be vastly different from those of the latecomers, particularly if the course keeps changing and more obstacles are added almost daily.

Space does not permit an examination of the other chapters, which in fact are all well-written and adequately researched. One rather gets the impression, though, that each case stands on its own. It is very difficult to draw them together in any coherent fashion or to generalise from the vast range of experiences and problems which they encompass and which on reflection are really peculiar to the individual countries concerned. Maybe this is what development is all about; each country's struggle to reconcile its internal hopes and aspirations with external realities and constraints, with the theorising and ideological posturing merely a catharsis for the faithful. This is not meant, of course, to detract from the overall value of the book. The editors have in fact assembled a very competent and interesting collection of country studies. For all that, though, they are still trees. When do trees stop being trees and become a forest would seem to be the appropriate question here.

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**The Evolution of the Modern Commonwealth, 1902-80**

Denis Judd and Peter Slinn

London: Macmillan. 1982. 171pp. £15.00. £5.95pb

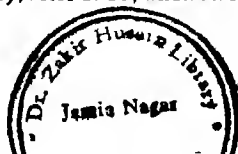
**Oxford and the Idea of Commonwealth**

Edited by Frederick Madden and D K Fieldhouse

London: Croom Helm. 1982. 167pp. £11.95

Eighty years ago, 'The domination of Englishmen over Asians and Africans seemed a natural part of the world order', write Judd and Slinn (p 8). They go on to provide a clear summary account, with thoughtful comment to raise it above the textbook level, of how the world-empire which strode so self-assertively into this century turned into the loose association of free states that we see today. By 1914 failure in one direction was apparent: 'hopes for imperial federation had foundered' (p 20). Failure on another side, less frankly admitted, was the 'brittle illusion' that hopes of Africans getting fair treatment from the white settlers to whom the South Africa Act of 1909 abandoned them, were soon turning out to be (p 26); it left no excuse for similar illusions or pretences later on in other parts of Africa. World War I could be held up as a grand display of solidarity, but it was really a crippling shock to empire, above all by launching India definitely on the journey towards independence. A still more shattering earthquake was World War II. After all, its colonies were still, even for Labour ministers, primarily buttresses for Britain's position as a world power. But before long they were having to be given up. Much of the dismantling was carried out by the Tories, who did their best to depict it as 'some kind of triumph for British statesmanship' (p 96)—as it really was, one might add, by contrast with French obstinacy in North Africa and Indochina. Whether the Commonwealth, swollen in membership but ill-furnished with common beliefs or interests, could achieve a meaningful survival, remained to be seen. It has often looked as ghostly as another Holy Roman Empire. In 1965 its first formal machinery, the Commonwealth Secretariat, was set up, but in the same year its two most populous states went to war. Judd and Slinn feel able to end by taking a hopeful view of their patient's prospects, encouraged by the Commonwealth's part in the negotiations leading to the transfer of power from white hands to black in Zimbabwe.

Alfred Beit, the German-Jewish-South African plutocrat, partner—or accomplice—of Cecil Rhodes, bestowed some of his ill-gotten gains on Oxford, in order to finance the study of imperial history; the first Beit Professor was appointed in 1905. A collection of seven essays looks back over the outcome, an ideological accompaniment of the Empire-Commonwealth transformation. Some parochial detail, less likely to be of interest outside than inside Oxford, is inevitable, but most of the material has genuine value for the history of ideas. Oxford thinking was at its most confident in the interwar period, when, as Madden says 'a missionary fervour for "Commonwealth"', owing much to 'Christian humanitarianism', was aglow (p 27). Deborah Lavin writes of its 'prophet and evangelist' (p 97), that ambiguous figure Lionel Curtis, who laboured to Christianise empire, or, as some critics may have preferred to think, to imperialise Christianity. Anthony Kirk-Greene, formerly in the Colonial Service in Africa, is very good on another luminary, Margery Perham, writing of her both appreciatively and discriminatingly. Ideology can react on the material situation it arises from, and this remarkable woman, who tramped about Africa buttonholing governors and tracking down district officers in their lairs, as well as lecturing in peaceful Oxford, had a strong influence on young men joining the Colonial Service. In 1914, 249 graduates of Balliol were or had been in the Indian Civil Service (p 70); after 1918, when an ICS man might



have to submit to the indignity of taking instructions from an Indian minister, it was the Colonial Service that was fashionable.

Margery Perham's doctrine, derived from Lord Lugard, was 'Indirect Rule' through old-style tribal chiefs. Judd and Slinn, as well as Kirk-Greene, point out how out of date this was, how oblivious of the approach of African nationalism; though they also remind us that both Lugard and Margery Perham helped to prevent the surrender of the three British Protectorates coveted by South Africa. These doctrinaires could do good in some, perhaps mainly negative ways. Oxford writings on imperial history (his own and Gallagher's not left out, and not left uncriticised) are surveyed by Ronald Robinson, whose incisive manner and deft turn of phrase make him always a pleasure to read. Heterogeneous notions were pulled together into an appearance of unity 'with a collection of mixed metaphors' (p 30). From a professional standpoint, these hopeful interwar outpourings belonged to a 'dark age of anachronism, archival poverty, and confused analysis' (pp 42-3). Richard Symonds looks over the long roll of Oxford scholars concerned with India, from William Jones of University College onward. Colin Newbury scrutinises Rhodes's record, with no disposition to make his financial doings look any more respectable than they were. Fieldhouse examines the contribution of Sir Keith Hancock, an Australian by origin and a pioneer of the economic history of empire. Its neglect before his time must be called a significant lacuna, or sin of omission. Hancock, moreover, saw the need for practical steps to promote colonial welfare, in place of *laissez-faire*. 'Commonwealth' is, after all, a curious title for a combination of a few very wealthy countries with a multitude of very poor ones.

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### Due South: socialists and world development

Jeremy Hill and Hilary Scannell  
London: Pluto Press. 1983. 106pp. £2.50pb

*Due South* is one of the *Arguments for Socialism* series which claims to offer a radical reassessment of topical political issues from a socialist perspective. There is perhaps no issue on which the attitudes of the British Left stand more in need of reassessment than Third World development. Unfortunately, this contribution to the *Arguments* series fails to match the need. The authors provide a *tour d'horizon* of current talking-points in the development debate, but make no significant contribution to socialist analysis.

Their approach lacks stringency. Even within the limitations of length—barely one hundred pages, or something under 40,000 words—it is not enough to dismiss the 1960s and 1970s as 'decades which produced little'. In the 1960s, in spite of a fall in the terms of trade between primary commodities and manufactured goods over the previous decade of 10-15 per cent, the rate of growth of per capita GDP in the developing countries was 2.8 per cent. According to UNCTAD calculations, between 1970-9 the developing countries as a whole achieved an annual per capita GDP growth of 3.2 per cent, ranging from the 5.3 per cent of the major petroleum exporters to 0.7 per cent for the 29 least developed countries. Of course, as averages, these figures conceal appalling inequalities both within and between developing countries, but they do correspond to significant improvements over the period in the life expectancy, infant mortality rates

and literacy rates of large sections of the population of the Third World. The cause of socialist analysis is not advanced by pretending that the international economic system, dominated as it is by Western economic interests, leaves no room at all for the growth and development of the poorer countries.

The authors rightly criticise the Brandt Report's claim that North and South have a common interest in the development of the South on the grounds that it is too general. Yet they seek to build a socialist alternative on an equally tendentious generalisation—that the workers in North and South have a common interest in fighting the 'domination of profit'. Like Brandt's claim, this may be acceptable as a moral truism but it fails as an analysis of the economic relations of the working classes of the North and South and as a guide to socialist strategy. As the authors themselves recognise, in criticising the call for import controls by the British Trades Union Congress and for an Alternative Economic Strategy, the interests of workers (North and South) do collide. Even were both sets of workers to be organised in workers' cooperatives they would remain in competition in almost any conceivable world trading system.

Although their critique of Brandt and other liberal development strategies seems to be accompanied by an unacknowledged chorus of 'Workers of the world unite', their concluding chapter of recommendations for a British development strategy is more practical. They call for the integration of development policy with overall economic policy—as in nationalisation, for example—the creation of a Ministry of Development with powers to formulate British policy in the IMF, unilateral nuclear disarmament, an end to British participation in the arms trade, funds to support international trades union cooperation, a partisan aid policy supporting progressive governments, a special fund to support women's initiatives, and greater use of non-governmental agencies in dispensing British aid.

It is a refreshingly realistic assessment of Britain's potential for helping the Third World. The question socialists have to face is: would it be less of a pipe-dream in Kinnock's Britain than it is in Thatcher's Britain?

STEPHEN MAXWELL

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### **Environmental Health Engineering in the Tropics: an Introductory text**

S Cairncross and R G Feachem

Chichester, England: John Wiley. 1983. 283pp. £17.95. £6.95pb

In the Preface, the authors express the hope that 'this book will provide a useful introduction for those—whatever their specialist discipline—with the will and interest to confront the problems of environmental health in poor communities'. They recognise that the problems they discuss are of interest to specialists other than environmental health engineers and doctors and, indeed, that their solution is likely to be the product of interdisciplinary collaboration. The book is addressed, therefore, not only to students in the two major fields, but also, as the quotation indicates, to other interested parties. It is from the viewpoint of these other interested parties, particularly that of the social scientist, that this reviewer approaches his task.

The book is divided into four parts. The first deals with health and pollution and lays the foundations for the rest of the book. It consists of chapters devoted to a classification

and description of infectious diseases, to health and water chemistry, and to water quality. The second part discusses water supply. A chapter outlining aggregate provision, the operation and maintenance of water supply systems, the need for appropriate technology, the benefits of providing improved water supplies and the question of self-help in rural water supply, provides a basis for more detailed treatment of rural and urban water supply in the following chapters. These are more technical in nature and emphasise appropriate technology solutions to the problems of providing acceptable water, preventing pollution of supplies and distribution. Part III is devoted to the treatment, disposal and re-use of excreta and refuse. A brief general chapter leads into chapters on types of excreta disposal system, planning a sanitation programme, waste water treatment, refuse collection and disposal, composting and the health hazards of waste re-use. The fourth part is shorter than either the second or the third. The first chapter in it discusses engineering control of arthropod vectors, the second is concerned with dams and irrigation as factors in health, whilst the final chapter discusses schistosomiasis (bilharzia).

The appendices are devoted to the system of biological classification conventions, a very useful glossary, a checklist of water and excreta-related diseases, the life cycles of certain helminths infecting man, and Imperial and US equivalents of the metric units used in the book. A valuable feature of the book is the list of references and reading at the end of each chapter, but there is no bibliography.

The authors' concern is for the poor of the developing countries, and their approach to the subject clearly reflects this. They advocate incremental change through appropriate technology so as to make available to the poor, improvements in their environment and life-style that they can afford now and are within their technological grasp. The text is technically oriented and, whilst the authors recognise that the issues are broader, their discussion of the economic and social aspects is more perfunctory.

As befits an introductory text, the style is a model of clarity, the descriptions and explanations are simple and aided by line-drawings, diagrams and maps, and by a very liberal sprinkling of photographs. This makes the book a useful source for non-environmental engineers to refer to for descriptions of facilities that are often assumed in the social science literature. My students will be guided, for example, to the chapters on rural water supply, for its description of types of well and lifting gear, and on excreta disposal for its treatment of different kinds of latrine. Other social scientists will no doubt find other parts of the book of greater value.

Social scientists interested in Third World development and in raising the living standards of the poor will find this a useful book on an important subject that is often neglected in their literature. Others will judge the contribution it makes to the environmental engineering literature.

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**The Management of Headquarters-Subsidiary Relationships in Multinational Corporations**

Edited by Lars Otterbeck

Aldershot, England: Gower. 1981. 343pp. £15.00

## BOOK REVIEWS

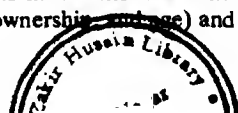
This book presents the results of a symposium on the issue stated in its title. The symposium was held at the Institute of International Business at the Stockholm School of Economics in mid-1980. While the issue relates to some critical concerns of Third World countries in their dealings with multinational enterprises (MNEs), unfortunately the book does not offer much new evidence or many new views.

The management of multinational firms in terms of both internal decision-making and external relations with governments, competitors, and clients, is clearly an issue of relevance to managers and academic analysts alike. Looking at the links between a company's home office and foreign affiliates, especially in less-developed countries (LDCs), can expose many of the fundamental problems that plague host country-MNE relations. Macroeconomic studies of MNE activities and impacts on host countries need to be supplemented with microeconomic studies of individual companies, or groups of companies, as done here. While individual case studies may not provide the same weight of evidence as large-scale macroeconomic investigations, such studies do often provide a much better understanding of the motivating factors behind observed behaviour.

Six of the fifteen papers in this volume utilise data assembled by the Stockholm Institute specifically to investigate home office-subsidiary relations in six Swedish firms. These papers offer a useful number of insights into the operations of the firms studied, although almost all of their findings basically replicate those of John Stopford and Louis Wells (*Managing the Multinational Enterprise*, 1972) and Lawrence Franko (*The European Multinationals*, 1976), both of which utilised much larger groups of companies. Of these papers, the analysis by Lars Otterbeck of successes and failures in joint-ventures between the six MNEs and their local partners is most useful. Otterbeck presents a careful set of measures of characteristics, problems (and solutions) of the joint ventures and of wholly-owned affiliates of the same companies in both developed and less-developed countries. His use of relevant (simple) statistical measures, as well as brief case-presentations, in a clear analytical framework makes the most valuable use of available evidence. This is in contrast with most of the other papers, which primarily describe the survey findings rather than offering an analytical method.

The central problem in headquarters-subsidiary relations is that of appropriate decentralisation. Most MNEs change through several organisational forms (e.g., use of an international division; global product divisions; matrix structures; regional divisions), depending on internal and external conditions. Decisions on ownership of the subsidiary (whole or partial), use of profits (remittance or reinvestment), sources of personnel (home company or locally-hired), advertising policy (standardised or locally-determined), and other control variables are allocated to the subsidiary or the home office according to organisational and environmental factors, which change over time. Our understanding of these problems remains fairly limited, and studies such as several in the present volume are needed to illuminate appropriate decisions. (For example, the choice between wholly-owned subsidiary and joint-venture often is forced by an LDC government, which can require the MNE to accept a local partner in ownership. This policy, however, does *not* ensure more local control over the affiliate or more 'socially-responsible' decision-making by it, for a variety of reasons.)

Two of the most useful papers in the book explore the assignment of decision-making authority between the home office and foreign subsidiaries, and concomitant subsidiary performance. Martin Welge looked at six German firms in the chemicals industry, considering general company characteristics (e.g., size, ownership, and age) and their





correlations with headquarters-subsidiary relations and subsidiary performance. His finding that internal decentralisation tended to be associated with higher effectiveness of the affiliate adds a valuable piece of evidence to the puzzle of organisational design. Tadao Kagono surveyed 533 large Japanese firms (with 113 responses) to look at their internal structures and performance. Using different methods, but looking at similar issues, Kagono found that Japanese firms tended to perform better when their organisational designs were simpler. Also, he discovered that a firm's capacity to process information about its internal and external environments was central to its performance, so the proper organisational design is one which copes best with this load. Both of these studies add analytical and empirical knowledge to the literature.

Of the other papers, only that by David Blake is worth mentioning as an addition to our knowledge about MNEs. His study of public relations policies in MNEs takes a first step toward understanding the needs of firms in this area and toward designing appropriate company policies. Blake surveyed 159 US-based companies, with 30 responses. Broadly, he found that these MNEs are not heavily involved in international public affairs, though there were some differences in responses between firms that put this responsibility in the control of the subsidiary vs those that left it in the control of the parent. Two of the papers (by Negandhi and Baliga and Prahalad and Doz) were presented as parts of larger research projects, but the authors made little effort to make the individual papers self-sustaining—so their analyses were unclear and incomplete. The remaining papers did not present any empirical evidence, with the exception of that of Christopher Bartlett, who describes five cases of shifts in pharmaceutical company organisations.

In conclusion, the need is clear to gain a better understanding of how MNE parent firms do and should relate to their foreign affiliates. Regulators from less-developed countries may have the most to gain from such an understanding, which remains to be developed further.

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### **Ecological Aspects of Development in the Humid Tropics**

Committee on Selected Biological Problems in the Humid Tropics  
Washington DC: National Academy Press. 1982. 297pp. £13.25

In 1969 the National Academy of Sciences published *Resources and Man* which considered the effects on the global environment of man's increasing demand for resources, and the need for sound resource management without undue delay. In the volume now under review a similar approach is applied to a more geographically specific region, and practical recommendations are offered to aid donors and developing country planners who face a basic dilemma—the implementation of development projects which will give short-term economic gain without affecting the long-term utilisation and ecological stability of a region.

In the first chapter, the difference between the economic and the ecological approach to development is discussed. It is suggested that since monetary value is inadequate as a measure of the true value of a functioning ecosystem, one of the most critical problems of development is 'knowing how and when to stop' (p 21). Priority should, therefore, be

given to research and to data collection at individual ecosystem level so that the impact of a development project in one region can be anticipated in another.

Chapter 2 defines and delimits the humid tropics and describes their bioclimates, vegetation, soils and ecosystem organisation. Maps, diagrams and a list of all the countries which include humid tropical bioclimatic zones provide a clear statement of the characteristics of the region. Ecological concepts mentioned in the text are explained more fully in boxes in this and subsequent chapters and these are a valuable aid to the non-specialist reader.

Chapters 3 to 7 are logically linked. Renewable natural resources are examined in chapter 3, which, with Appendix E, stresses the importance of, and gives practical information on, the conducting of baseline studies and surveys of organisms and ecosystems, while chapter 4 considers the vital importance of maintaining a broad gene pool as a basis for improving the genetic resource base through selective breeding.

Agriculture, which entails a rearrangement of natural ecosystems, is the subject of chapter 5. The central issue posed is the extent to which modification of the environment can proceed before the capacity for sustained productivity is lost. As the authors recognise, a great deal of future ecosystem disturbance is inevitable in the humid tropics because of projected population growth in the zone. Expansion of the farmed area and increasing demands for fuel-wood will have repercussions on forest areas, and in chapter 6 a range of forest management options from large-scale to small-holder is considered. Emphasis is given to the dangers of irreversibly causing soil loss and productivity decline through the conversion of large areas to grassland. Forest should be treated as 'a renewable natural resource instead of a potential timber "strip-mine"' (p 146). Where a decision has been made to convert forests to agricultural production, attention should be given to soil management measures which will permit sustained productivity of crops and pastures without soil degradation. Chapter 7 outlines research needs and planning priorities in this connection.

The final chapter stresses the need for an integrated approach to water resource use in the humid tropics, because every engineering action in a development project causes a host of environmental changes.

The text is supplemented by useful appendices which include an inventory of the main food plants of the humid tropics, and a comprehensive bibliography.

The book lives up to its aims of providing a statement of contemporary resource and environment issues together with 'design aids' to assist resource planners and managers. It clearly demonstrates the perils of ignoring ecological constraints in a diverse zone whose ecology is imperfectly understood.

CLIVE SOWDEN

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### **Women and Poverty in the Third World**

Edited by Mayra Buvinic, Margaret Lycette and William Paul McGreevey

London: Johns Hopkins University Press. 1983. 329pp. £25.00

This is a volume of essays aimed unambiguously at policymakers, planners and researchers on development. The message is clear—more and better data on issues related to women in the Third World are desperately needed. Again and again the

authors come up against the lack of reliable data with which to test their hypotheses concerning such things as women's real and relative poverty, women's work, women's contribution to the household economy, the number and condition of female-headed households, and demographic issues such as family planning and nutrition. Until these omissions and distortions in national and international statistics are corrected it will be impossible to resolve the debates central to the issue of women's role in the development process.

A number of excellent overviews of these debates give this collection its special character. In addition, its organisation and focus reflect its clear commitment to the formation of development policy. The two best articles form the basis for the subsequent discussion. The first is an analysis of women, poverty and development by Nancy Birdsall and William McGreevey. The second is a description of the policy issues current in the whole international discussion of women and development by Mayra Buvinic; its historical development, present trends and policy suggestions for the future.

There then follow sections on Women and Work, Women and Welfare, Women and Alternative Household Structures and Measurements of Women's Work and Welfare (14 chapters in all). Some of the articles are reviews of particular topics. Two that deserve mention are Nadia Youssef and Carol Hetler's chapter 'Establishing the Economic Condition of Women-Headed Households in the Third World' and Eva Mueller's 'Measuring Women's Poverty in Developing Countries'.

The rest of the chapters are case studies, some more illuminating than others. Certainly there are occasions where the weight of statistical analysis does not seem to be balanced by a proportionate quantity of original or revealing conclusions (cf. the J DaVanza *et al.* article on child care and women's market activity or M Selowsky on women's access to schooling).

Several of them however yield interesting insights into specific problems, such as J Harrington's article on lactation and nutrition in which she warns us that urging Third World women to breast feed for long periods can have deleterious nutritional effects in contexts where families are large and women have important work-roles in the market place. Similarly T Merrick's *et al.* examination of female-headed households among the urban poor of Brazil and Patricia Engle's *et al.* description of the effects of supplementary nutrition on children's IQ scores in Guatemala are worthwhile for their rich descriptive data as well as their interesting conclusions.

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### **The Challenge of Development in the Eighties: our response**

Edited by Anthony Jennings and Thomas G Weiss

Oxford: Pergamon Press. 1982. 123pp. £7.95

This book constitutes a collection of essays, the majority of which were first presented at a colloquium on 'Britain and the Third Development Decade' organised by the Commission for International Justice and Peace (CIJP), held at Westminster in March 1980. The essays are penned by contributors drawn from among the ranks of government, trade unions, academia, and the church. Despite their analytical variations, they succeed in conveying a well-meaning, spirited, and united concern for an

issue that is of profound importance to modern Britain and, indeed, the world. Although the *raison d'être* that inspired this book is posed by the editors in somewhat liberal, if not over-simplified, terms, the book merges successfully the varied and suggestive responses of the contributors to the challenges and practical demands that the task of halting world poverty and an even greater divide between the North-South continuum, will present to the developed industrialised world throughout the next decade.

As a generalised account of the range of development problems in the 1980s, the book's main focus is the structural feature in the modern world of the 2,000 million or so destitute and poor marginalised peoples, whose predicament, if subjected to further neglect and ambivalence, cannot but result in serious consequences for them, as well as for the industrialised world. The urgent amelioration of this condition is only possible by the instituting of positive development (aid) programmes emanating from the industrialised centre. This urgent need of the present however, reflects a shameful indictment against the governments of the Western world in the past.

For example, judging from the performance of the governments of the Western world over the past two decades *vis-à-vis* the poor and developing world, the governments of the more successful developed nations have been donors of the least beneficial aid programmes to the poor countries. Whereas countries like Denmark, Sweden, Norway, and the Netherlands, for example, were able to attain a target of 0.7 per cent per annum of GDP over the last two decades for the purposes of aid to poor countries, the US, UK, West Germany, and Japan, on average, managed only 0.3 per cent of GDP.<sup>1</sup> The performance of the socialist countries, we are told, taken as a whole, 'has been particularly disappointing'. There have been disappointing failures also in the areas of trade expansion and infrastructural developments within poor countries based on the free-enterprise system as a means of creating wealth; and the debates about world economic development as conducted in the West are normally couched in Eurocentric terms.

Perhaps the most irritating shortcoming of the analyses presented in this book is the neglect of any discussion about the ideology of aid from the point of view of Western governments, against a background view of the structural limitations of Western national capitals to consider extended supplies of aid as a priority in their surplus-allocation programmes, especially when caught in the grip of severe competition or crisis, both nationally and internationally. The contributions of Richard Jolly (ch. 1) and Thomas G. Weiss (ch. 2) are the closest we get to this, as they explain and evaluate the historical importance of the strategies that have emerged in the last 20 years, and the circumstances in which poor countries have begun to try and influence the developmental policies of governments within the industrial nations during the 1980s. The absence

<sup>1</sup> These figures, nevertheless, are not representative of 'success stories'. The World Bank's *World Development Report 1983* suggests that official development assistance (ODA) is unlikely at present to rise above the present average of 0.35 per cent of the GDP of rich countries. But this is still nowhere near the fashionable target of 1 per cent of GNP that was originally produced by the World Council of Churches and subsequently adopted by the UN and UNCTAD at the end of the 1960s. Even McNamara (as recently as 1977) admitted that 'Concessional aid from OECD has not been increasing in real terms. The final figures for 1976 reveal that (sic) (ODA) was 6 per cent below the estimates made a year ago . . . ODA as a percentage of GNP has fallen from 0.42 in 1966 to 0.33 in 1976. The 1976 ratio is . . . less than one-half of the 7 per cent goal accepted by the UN General Assembly in 1970'. R S McNamara, *Address to the Board of Governors*, Washington DC: World Bank, 1977.

of this theoretical focus from the contributions to this book suggests a strongly entrenched belief among the contributors that aid is a form of disinterested munificence. Nowhere was I able to find systematic suggestions of a rebuttal to my suspicions, and the book therefore stands and falls on its ignorance of the international political significance of aid.

The contributors' recommended measures for 'action', apart from betraying the need for detailed examination of particular cases before concrete recommendations can be made, is couched in terms of encouraging Western governments to think and act on the basis of enlightened self-interest and spiritual enlightenment, which brings to mind the persuasively argued but now infamous recommendations of the Pearson Committee.<sup>8</sup> Credit must be given however, for the awareness that economic catastrophe is now a real possibility if no policy changes *vis-à-vis* the Third World are made, and that the current crisis has become a matter of survival for us all. The measures recommended in this book would significantly restructure the relationship between the North and South, although not immediately. The big question is whether they will ever be implemented by the nations of the advanced world.

On this question I remain somewhat pessimistic, but the essays in this book tell us in a tone of conviction and urgency, why optimism should not remain elusive. The editors' final words are important: 'Even if mutual survival is not at stake in the next ten years, the needless deaths of innocent people that occur daily are a condemnation of society, undermining the very basis upon which it is built and destroying the vision of what humankind is ultimately about. A variety of responses to the challenges of development in the 1980s are not only possible but also are necessary. The only unacceptable responses are self-satisfaction and inaction'.

Despite my mixed reactions to this well-produced book, my reading and deliberation of it was enjoyable, if only because it is written in easily understood terms. It will strike a chord among members of legislative bodies whose task it will be to implement the International Development Strategy of the 1980s. Finally, the CIJP's efforts to foster a continuing dialogue about development in the 1980s from the proceeds of this book, deserves praise.

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### Third Cinema in the Third World: the aesthetics of liberation

Teshome H Gabriel

Ann Arbor, Michigan: UMI Research Press. 1982. 147pp. £27.75

The most one expected from the first book in English on Third World films was an overview map cursorily unifying Solanas and Getino's seminal essay 'Toward a Third Cinema' and ideas from diverse, fugitive articles, reviews and interviews from the last twenty years. Teshome Gabriel, an Ethiopian film professor at UCLA, has done this and much more.

A mercifully brief discussion of neo-Marxist concepts of ideology in cinema finds major points of identification with Third World film orientations on class, religion and

<sup>8</sup> L B Pearson. *Partners in Development*, London: Pall Mall, 1969.

sexual ideology. But Gabriel, using Fanon and Cabral as supports, then decisively, and I think correctly, isolates significant determinants of Third Cinema ideology in a Fanonian attitude towards violence, the replacement of the proletarian worker by the peasant as principal agents of the drama of revolution, a crucial shift from the individual to the group as protagonist and focus, and a renewed emphasis on the significance of culture. For culture remains an area where even ideological allies can easily mistake each other's meaning.

Gabriel's clarifications of the sources of film meaning go beyond his theoretical interjections. He also carries the discussion of Third World film styles and aesthetics past the usual generalities and slogans into concretely illustrated interpretations of individual films and cultural stylistic orientations, often set in graphic juxtapositions. These probings are responsible for a range of insights into singularities of pivotal films from Cuba, Senegal, China, Chile, Ethiopia, Argentina, Bolivia, South Africa and other national cinemas. They interact with each other to offer a cumulative corroboration of the theories proposed. They also advance the understanding of films from cultures other than one's own.

Through Gabriel's perspective, we can see Third World cinema not as under-developed but as a fresh beginning, possibly even for world cinema. It is in his view, a cinema of intervention, into the quandaries of Third World societies, and into the captivity of mass audiences by the entertainment of alienation.

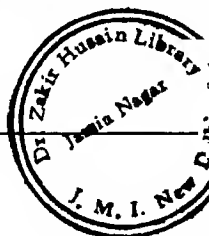
The committed screen of the Third World is the best hope yet that cinema can be used for humanity, not against it, after a century of misguidance.

This monograph is far from exhaustive. Gabriel will himself want to revise his characterisation of Chinese cinema (and perhaps of Third Cinema as well) once he sees the films reintroduced to the West by the British Film Institute in 1980. But he does more than clear the bush; he lays a foundation.

Once its preposterous price is reduced (I hope, through a paperback edition) the arguments of this book may well help to rearrange the criticism and interpretations of liberationist cinema prevalent in the world today.

CLYDE TAYLOR

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### **Modernisation and Revolution**

Bill Brugger and Kate Hannan

London: Croom Helm. 1983. 60pp. £5.95pb

*Modernisation and Revolution* is essentially an extended review article in which the joint authors seek to discuss and to evaluate the principal trends in the development of a literature on revolution and modernisation since 1945. They confront, to begin with, the problem of definition. There are four ways of defining modernisation (ethnocentric, multilinear, objective idealist and technological determinist) and three of defining revolution (cultural, political-economic and narrowly political), though, as they stress, these categories are not mutually exclusive.

Leaving aside the ethnocentric view of modernisation, which, though traditional, has

by definition relatively slight explanatory power, they devote their attention in the first instance to the multilineal view, under which they group not only Marx and Engels themselves, but also their derivatives, Wittfogel, Barrington Moore and Konrad and Szelenyi. Each has in turn been welcomed by social theorists and no less strongly attacked by historians. Among the 'objective idealists' we find not only Hegel, Saint-Simon and Comte (as we might expect) but also the Social Darwinists, the anarchists, Pitrim Sorokin and WF Wertheim, whose self-confessed idealism they see as 'extremely stimulating' (p 28). 'Technological determinism', as argued by Burnham, Chalmers Johnson and Alvin Gouldner, they dismiss on the whole as flawed and unconvincing. 'There is also probably little disagreement that some kind of revolution in the political economy sense of the word is necessary to modernisation', they conclude (p 36). The key question is, must it be a violent one? It seems that it must, as they alternatively accept (with Moore) that 'there has been no major society in East nor West which has not undergone a violent revolution in the course of its modernisation', or (with Wertheim) 'that the violent overthrow of regimes is not absolutely necessary to every modernisation process but is so likely as to make the question rather ridiculous' (p 37).

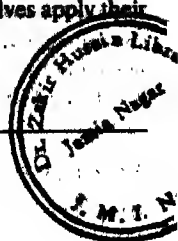
For those of us who believe that the process of political modernisation, if indeed it has any meaning at all, consists precisely of arriving at a society in which violence is *not* used to settle political/economic disputes, this conclusion is hardly encouraging. Part of the problem, I would suggest, stems not from the categories of modernisation employed, but from the categories of revolution. The authors, who do not appear to be familiar with the history of the concept of revolution fail in consequence to tackle at the outset the implications of the root meaning of the term. By defining a category of the 'narrowly political', therefore, they exclude the overlapping area of the 'broadly political', which underlies all the possible ways in which the violent overthrow of rulers, governments and regimes contributes to the alteration of the socioeconomic structure—or otherwise. They do, however, as few other writers do, recognise clearly that behind Moore's blithe belief that in the major revolutions 'in each case the violent overthrow of the *ancien régime* involved less human suffering than (sic) the regime it replaced' (p 37), lies not only an unqualified felicific calculus but also a suspect theory of 'exactly what constitutes human suffering'. It is by no means an unreasonable argument for absolute social immobility to point out that any political action which is known in advance to be bound to cause suffering to fellow human beings can only be morally justified if it is certain that these consequences will be better than the conditions which would otherwise prevail. In the nature of social life, this can never be the case, and the arguments for actions of this kind, therefore, must needs rest on much less confident foundations. When it comes to revolution, it is not at all certain that morality is on anyone's side!

In the second part of the monograph, the authors seek to extend the discussion to the contemporary problems of the Third World. Diffusionism and dependency theory they see as a mirror-image, but the uncertainties of social science do not, they argue, excuse the social scientist from seeking to understand, and, if necessary, to advise upon, the processes he observes. The reformist reaction against dependency theory, therefore, is futile. The social scientist who has to deal with the problems of modernisation has explicitly to confront the issue of revolution. Is it necessary or is it not? If it is, how does it work? What are the links between political violence and economic modernisation? How are they? These are but a few of the important questions raised by this useful

little monograph, and it is to be hoped that the authors will now themselves apply their own talents to their further exploration.

PETER CALVERT

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**Materials for Learning: how to teach adults at a distance.**

Janet Jenkins

London: Routledge and Kegan Paul. 1981. 209pp. £7.95

In the beginning (1840), there was Isaac Pitman and the new postal service. Jointly, they provided accountancy courses during a historic period of British development. Pitman's Institute, its educational methods and its technology have been widely copied and remain an important means for the dissemination of ideas and skills (particularly those to do with commerce) throughout the world. The advent of radio brought a second generation of 'distance education', used notably to promote new agricultural methods to widely separated farming households. In the last twenty years television has begun to be used as a part of formal education, contributing most obviously to higher level education through 'universities of the air', such as Britain's Open University. In each case these technologies allowed a few teachers to reach large numbers of scattered students at low cost.

Janet Jenkins has set out in this book to condense some of the lessons of these three generations of distance teaching in order to construct a 'how to do it' manual. The book shows how to create the materials (books, radio and films) for basic, non-formal teaching of adults. It has chapters on 'planning for distance teaching', choosing between alternative media, 'writing simply', 'using pictures', making TV and radio programmes, and so on. The author has drawn widely on the experience of teaching in many countries. The work of Paulo Freire (summarised as: 'if the subject matter is related to experience . . . learning is more likely' p 26) is inevitably described, but many other successful examples of literacy programmes, agricultural extension work, and health and nutrition are drawn upon.

I think this is a useful book. Janet Jenkins has summarised many 'do's' and 'don'ts' of distance teaching. I enjoyed, for example, one educative anecdote about a Kenyan animated cartoon. The cartoon showed a star issuing from the mouth of a satisfied gourmet, provoking questions from the audience: 'Is he spitting something out?' From which we learn that symbols easily understood and therefore convenient shorthand in one culture may leave students bemused in another.

My dissatisfactions with the book amount to the usual reviewer's request for another book altogether. I want more on the social organisation of distance teaching, less on its artefacts. On this Janet Jenkins comments, '... it is likely to be relatively easy to prepare distance learning materials well, compared to the problems in working out the way they are to be used' (p 173). For basic education, I think that is correct.

More substantially, there are two related and commonly-held assumptions which run through this book: that educational methods can be separated from content and that education is apolitical. Neither assumption is universally true. It is assumed that education is a process by which unproblematic skills are passed on without controversy to passive recipients. It can be argued that the greatest successes of distance teaching



have arisen where the reverse is the case: where controversial skills and ideas have been communicated to assist their recipient's struggles for a better life.

BEN CROW

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### **The Egypt of Nasser and Sadat**

John Waterbury

London: Princeton University Press. 1983. 475pp. £38.70. £10.90pb

This book presents a masterly and comprehensive analysis of the political economy of Egypt under the regimes of Nasser and Sadat.

The book has five underlying themes, each elaborated upon in a part dealing with it.

In Part 1, the author attempts to couch the Egyptian case within a framework built around issues of relevance to developing countries. These issues relate to two main points of contention: the degree to which a regime and its state apparatus can rebuild class alignments at the expense of divorcing itself from domestic class interests and the degree to which the regime is the captive (willingly or unwillingly) of Northern economic and geopolitical interests. There follows an extensive discussion of these two questions within standard theories: dependent development, two-gap models, etc. With respect to the use of the concept of *dependencia* in the analysis of developing countries, any conclusions are bound to be debatable. On the other hand, the analysis of the demographic reality and class alignments can be more concretely substantiated, as indeed it is, and is most relevant for understanding the issues raised in the rest of the book.

Part 2 directs itself to the state apparatus used by Egypt's leaders to remake its economic character. Embodied in this process is the act of the state assuming full responsibility for allocating resources and taking over ownership and supervision of the means of production. This part provides an excellent and perceptive analysis of Egypt's economic policies from the emergence of the public sector during the Nasser era to Sadat's 'open door' policy (*infitah*). It is rich in detail which hitherto would not have been available to Western readers. The author has no doubt succeeded in making it possible for the uninitiated in the ways of Egyptian politics and economic decision-making to form a clear picture of what was happening from 1952 to the end of the Sadat regime. The many tables compiled from published and unpublished statistics must also be commended.

Changes in the economic structure, through growth, stagnation or reallocation and redistribution, create new interests, affect the old and bring about new class alignments.

Part 3 focuses on the problems associated with these processes. It provides a fascinating, factual and comprehensive overview of the social equity and income distribution problems of Egypt, the overextended educational system and the importance of land tenure and the rural class. Again, Professor Waterbury demonstrates a depth of knowledge and analytical insight into Egypt's problems that is quite exceptional.

Part 4 deals with Egypt's politics of containment. As in other countries, government control of the economy induces regimes to establish political arrangements supportive of containing those who would be shouldering the price of economic growth or

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## BOOK REVIEWS

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stagnation. In this respect, both Nasser and Sadat subordinated politics to economics and propagated an illusion of political participation, while imposing the reality of economic docility. This part admirably covers the rise and part played by the Arab Socialist Union as well as the various instruments of control used by the two regimes.

Part 5 deals with the role played by foreign actors in influencing the policy-making process. This includes the role of the superpowers, the IMF, IBRD and the Arab oil-producing countries. The dynamics of Egypt's relations with these actors is very informative and sheds particular light on some of Egypt's current enormous economic problems.

This is a scholarly work of high merit. It fills many voids in the factual knowledge of what happened in Egypt in the 1960s and is particularly rich in insights on the post-Nasser period.

*The Egypt of Nasser and Sadat* should be required reading for all those interested in this strategically crucial country, including Egyptian economists, politicians and concerned citizens in general. They stand to learn a lot from the events of this period.

M A LOUTFI

UNCTAD, Geneva

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### **Foreign Trade and Economic Controls in Development: the case of united Pakistan**

Nurul Islam

New Haven, Connecticut: Yale University Press. 1982. 271pp. £22.75

Nurul Islam's study of foreign trade and economic controls in Pakistan covers roughly two decades from Independence to the period before the creation of Bangladesh in 1971. The book is divided into three parts. Part 1 deals with an overview of growth and planning in Pakistan during this period. Although this brief exposition might be of interest to those who are unfamiliar with conditions in Pakistan, it is not particularly well integrated with the main part of the book, and the reader might be excused for wondering what it was all about at the end of Part 1. However, there are sufficient references to relevant conditions in Pakistan in Part 2 to make the main portions of the book reasonably self-contained.

Part 2 provides a very lucid description of the evolution of the system of direct controls inherited from the British at Independence. Nurul Islam guides the reader through changes in the exchange control mechanisms at different points in the country's history and describes the emergence of quantitative restrictions. Similar exercises are carried out for the main form of import controls; commercial and industrial licensing and import tariffs; and, the regulation and promotion of exports. The book carries a very interesting account of the intricacies of the 'Export Bonus Scheme', which, in effect, amounted to a multiple exchange rate system. Direct domestic controls, including investment licensing as well as the control of production, prices and distribution, are also discussed, although in somewhat less detail than trade and exchange controls. The justifications for this elaborate machinery of controls are described by Islam early in Part 2, and these are: (i) to counter the initial unequal distribution of assets and income across households and regions; (ii) to perform short-term price adjustment in periods of shortages; and (iii) to correct for divergences between private and social costs and benefits. However, according to Islam, the controls were introduced in an *ad hoc*

fashion, and once introduced, not only remained in force long after the cause had been forgotten, but led to a proliferation of controls in other sectors. Attempts to liberalise the control system in the early 1960s coincided with a brief period of growth, an easy balance-of-payments situation and the inflow of foreign assistance. The Indo-Pakistan war in 1965, successive harvest failures, and a drop in foreign aid led to a reintroduction and strengthening of the system of controls.

Part 3 examines some of the consequences of controls in a wide range of fields. Here Islam is on rather tricky ground, as most of the issues considered are contentious and this part is really a partial literature review. Given that much of the book is a review of secondary sources, the absence of a complete list of references is a considerable disadvantage. The analysis in part 3 shares some of the problems of research in Pakistan in the areas of allocational efficiency; factor intensity and productivity; savings, investment and income distribution, and regional development—that is, poor data and inadequate analysis. Although Nurul Islam recognises that domestic resources cost (DRC) analyses of interindustrial disparities should be based on appropriate shadow prices of domestic inputs and marginal world prices, and that a reduction in DRC differences may not necessarily improve allocational efficiency, he uses such estimates of DRCs as evidence of a misallocation of resources. In arguing that capital intensity in Pakistan industries is too high, Islam uses the results of a suspect study which showed that capital intensity in Pakistan industry was greater than in Japan, and greater than or equal to that in the United States! Similarly, Islam evaluates the effects of controls on intersectoral and inter-regional resource transfers on the evidence of some very crude analyses. His conclusion is that the system of controls led to greater sectoral, regional and household inequality, and an 'inefficient' allocation of resources—precisely the opposite of what the controls were intended to achieve. Although the conclusions may well be correct, they are based on some questionable secondary sources. The question that still needs to be asked is whether things would have been any better in the absence of direct controls: would businessmen have invested more in East Pakistan and backward areas of West Pakistan? Would the urban and rural poor have been better-off without distribution controls? Would the pattern of industrialisation have been any more 'efficient'? These are difficult 'as if' questions that need proper research. Perhaps the most important omission in Nurul Islam's book is a full consideration of alternative government policies, although there is a passing reference to domestic tax and subsidy policy. Given that Nurul Islam has been a member of a previous Taxation Commission of Pakistan, this is an area in which he should have had some valuable insights. The analysis should have been in terms of what happens to government revenue and who gains and loses under different control and tax policy regimes.

EHTISHAM AHMAD

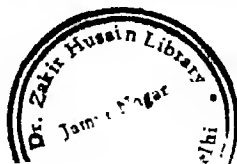
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**Who Shall Succeed? Agricultural Development and Social Inequality on a Philippine Frontier**

James F Eder

Cambridge: CUP, 1982. 264pp. £20.00

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**Development Debate: the World Bank in the Philippines**

Walden Bello, David Kinley and Elaine Ellinson

San Francisco: Institute for Food Development Policy and Philippine Solidarity Network. 1982. 256pp. \$6.95pb

These two books attempt to assess the consequences of Philippine development. They were written from extreme polar positions. *Development Debate* views Philippine development efforts from a neo-Marxist, global perspective, with a time dimension that is largely confined to the period since the imposition of martial law in 1972. *Who Shall Succeed?* looks at Philippine development by utilising 'modernisation' theory in its 1950s form, a micro-level territorial scope, with a time-spread from the 1930s to the 1970s. Normally, a reader would gain much from the synergistic effects generated by such contrasting views of reality. Unfortunately such is not the case with these two studies of Philippine development. The trouble lies largely with the Eder book.

*Who Shall Succeed?* is a study of a small *barrio* (near a municipal city) that had been a frontier settlement site during the 1930s-1950s. Eder attempts to account for individual economic success and failure among the immigrants, with most of the book based on detailed studies of four who were conspicuously successful and four who were failures. He is a good anthropologist in this, making effective use of participant observation, a battery of statistical tools, a wealth of (often trivial) data, various sociometric charts, etc. Where he fails is at the level of theory, the dangers of reductionism, and the lack of openness about his values.

Eder built his book on research guided by the development concepts of the post-World War II era: 'modernisation' theory. He does not, however, make this explicit, so that he escapes having to deal with the considerable critical literature that set of concepts gathered. This atheoretical stance permits him to assume as unproblematic the capitalist transformation of agrarian societies, largely to blame the victims (frequently using terms like 'lazy', 'drinks too much', etc.), and to take an almost worshipful view of individualistic economic avarice. Secondly, Eder takes reductionism to an absurd extreme. His model for a social science of development would necessitate studying every *barrio* in the Third World, and every individual in each since 'individual attributes' determine success and failure.

Eder's attachment to an individualistic, frontiersman ethic seems to cause him to play down vitally important features of *barrio* development. He notes that only 23 per cent own no land (p 10) but does not analyse trends. He notes the extremely dramatic rise in the price of land by 1970, and that half the land is owned by absentee landlords, but refuses to discuss the matter since the owners live outside the *barrio*. He notes the rise of a new form of human exploitation in fish-gathering but does not include it in his analysis. And, most importantly, he buries any mention of martial law in one brief footnote (even though he returned for a year of further fieldwork during the middle of the martial law era), and with it any recognition that the central government (in a political system that is highly centralised) might play a role in development, the one task the Marcos regime attempted to push during the 1970s.

The larger portion of the fieldwork for the book was done before martial law and before the dramatic shift in development paradigms. Eder seems to recognise this: he pulls in 'Marxist' theory in a 'dependency' form (based on one 1974 book) in the final few pages to explain status differentiation but limits it to *intra-barrio* variables, an odd



twist. This attempt to rescue his work from the datedness I have described fails completely. Nonetheless, *Who Shall Succeed?* has its interesting chapters depicting the rich tapestry of *barrio* life on the frontier.

The authors of *Development D  b  cle* have written an impressive book, carefully crafted, solidly documented, theoretically sophisticated, and open about its value commitments. The authors (in addition to the three listed, Vincent Bielski, David O'Connor and Robin Broad each contributed to one or more chapters) have, except for one, had extensive research experience in the Philippines, and all have had deep involvement with the theoretical and empirical problems of development. They were able to acquire, through the help of allies in the World Bank, some 6,000 pages of primary Bank documents covering a time period during which the Bank played the central role in planning Philippine development policies. These documents gave the authors an insight into Bank plans, how the Bank negotiated with responsive Philippine officials for their implementation, how the Bank moved in force only after Marcos had created the authoritarian political setting within which it could operate without public criticism, and how the Bank responded to increasing signs that its development strategies were failing, signs that were clear by the end of the 1970s.

Substantively, *Development D  b  cle* examines the Bank's development policies for the Philippine countryside and for Manila. Rural development schemes, consistently sold by the Bank as designed to help small farmers, have, by the Bank's own studies, left the great majority of peasants eating less than before its programmes were begun. As the Bello team concludes: 'If there is a phrase that captures the essence of this process wracking the Philippine countryside, it is "growth with immiserisation"' (p 97).

Similarly, the Bank's urban policies, again advanced to 'help the poor', have failed. Programmes to provide better housing for slum dwellers are pushing increasing numbers out of centrally-located sites as these are forced ever closer to market values, and thus to rents that the great majority cannot afford. Export-oriented industrialisation, another Bank urban development programme, has done little to relieve unemployment and has contributed strong pressures on the regime to repress labour to keep it 'competitive'.

Finally, the Bank's relentless drive to 'open' the Philippines—i.e., to destroy any remaining semblance of tariff protection for local entrepreneurs—has had heavy costs. Its determination to force Filipino manufacturers to become competitive globally or go bankrupt contributed to plant closings in the early 1980s and involved the Bank ever more deeply in internal Philippine politics. Since the Bank is not subject to any political controls, this means continued support for authoritarian decision-making in the Philippines.

Despite the 'top-down' view of development underlying *Development D  b  cle*, Walden *et al.* have not ignored the local forces involved in the development process in the Philippines, and certainly not the consequences to Filipinos from policies generated by an elite group in Washington allied to a narrow class of private and public Filipino entrepreneurs who treat the Philippines as if it were a rural, frontier *barrio*.

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**Israel in Lebanon: the report of the international commission to enquire into reported violations of international law by Israel during its invasion of Lebanon**

The International Commission

London: Ithaca Press. 1983. 282pp. £4.50pb

This report by an International Commission of jurists and scholars headed by Sean MacBride considers whether Israel was guilty of crimes under international law in its invasion of Lebanon. It also implicitly raises two more general kinds of questions. The first are legal, political and ethical. Certain frameworks and conventions define crimes against peace, war crimes, and crimes against humanity. Yet what sanctions can be imposed, and by what body deriving its authority from what sources when states break such laws? Can reference in international agreements since the 1899 Hague Convention II to 'the usages established between civilised nations . . . the laws of humanity, and the requirements of the public conscience' be anything more than pious rhetoric?

The second kind of question is implicit in statements such as the following:

We know what is a city. A city is houses. The house you take, you put here fire, you take it from the left, you take it from the right. We know about it. I didn't realise the problem of citizens living there and stuck in the middle of the fire (Israeli soldier on the taking of Sidon.)

We were shooting and shooting and suddenly these two old men popped up 20 yards away with a crate of Pepsi-Cola. They told us they were bringing us drinks. Had they been 200 metres away, they would have been targets . . . At what distance does a human being become a target? Is it a question of distance? (Israeli soldier after the battle for Ain el-Hilweh refugee camp.)

One can respond to both kinds of interrogations by saying that the usage of civilised nations is a bad dream, and that a human being is a target whenever the person with the gun says he or she is so. Or one can continue to assert the importance of the rule of law, however often defied, in the belief that world opinion or that of its own citizens may eventually call the agencies of a particular state to account.

One can inquire, take evidence, record, document. And one can judge, or at least furnish material on the basis of which others may make their own judgement.

The Commission has attempted to do this, and though its findings are based on evidence restricted by the Israeli government's advice to its citizens not to testify they are nonetheless all too persuasive. They show that the invasion was an unjustifiable act of aggression. They demonstrate the almost total disregard for civilian life by a government having at its disposal one of the world's most highly sophisticated military machines. They detail the characteristics and use of fragmentation and cluster bombs, and of phosphorus. The first turns the insides of the body to porridge, contributing to the extraordinarily high ratio of dead to wounded of 1:1 (rather than the more 'normal' 1:4). The second leaves lungs exhaling smoke and human tissues too hot to touch.

We are reminded of the destruction by bombardment by air, sea and land of large areas of the cities of Tyre, Sidon and Beirut with their predominantly civilian populations, and of the systematic razing of refugee camps. The Commission's conclusions point to the systematic and deliberate terrorisation of civilians, the inhumane treatment of prisoners, and a brutality that has made many Israelis for the first time question the 'purity of arms' doctrine and the nature of their own society.

Above all, the Commission soberly demonstrates what may happen when a state holds that another people are not a people and have neither identity, nor homeland, nor

finally humanity. That state degrades itself and its citizens no less than it violates the fundamental rights of others.

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**Islam and the Politics of Meaning in Palestinian Nationalism**

Nels Johnson

London: Kegan Paul International. 1982. 111pp. £9.95

In this pithy and extended essay, Johnson draws on the disciplinary postulates of a particular school of social anthropology to convey the roles which an Islamic symbol complex played in the Palestinian nationalist movement at different historical junctures in its development; additionally, he tries to show the socioeconomic factors or groups which might explain these different roles. The author assumes, correctly of course, that Islam played an important role in the formation of Palestinian nationalism. After all, probably eighty-five per cent of Palestinian Arabs are Muslims and have been influenced by Islamic norms, history and sensibility and have taken part in the overall struggle of the Islamic people in transforming their societies. It was inevitable for Palestinian Arabs as Muslims to draw upon Islamic norms, history and symbolism in forming their ideological and operational expression to British imperialism and its Zionist instrument in Palestine as the Mandate was imposed upon the country. But stating this in no way denies the presence of other symbol complexes or ideological tendencies that informed Palestinian nationalism. For as Palestine was subjected to different types of socioeconomic pressures, and as it underwent social and economic transformations, more secular issues and formulations became more clearly apparent. The author is quite alert to the multiplicity of elements in the formation of Palestinian nationalism but directs his scholarly attention primarily to the Islamic component.

Johnson demonstrates the complex roles of Islam in the politics of Palestinian nationalism by carefully analysing the leadership of the Palestinians and its politics during the first period of the Mandate up to 1935 when it was dominated by the highly fractious Notables whose politics revolved around the Supreme Muslim Council with its leader Hajj Amin al-Husayni and the opposition led by the Nashashibi; by analysing the basis—ideological and structural—of the revolt of Shaykh al-Qassam and his principally peasant supporters; and finally by analysing the politics of the Palestine Revolution led by Fatah. For each, Johnson deals with the rhetoric of the movement, the political programme and the type of socioeconomic class that either pushed for those programmes or as they were affected by them. It is clear from the analysis that Islamic symbolisms played a more conspicuous role in the Mandate period in that the Notables were able to maintain their control of the lower classes by appealing to Islam, whereas Shaykh al-Qassam utilised different and more radical expressions of Islam to mobilise the peasantry for militant action that threatened both the hegemony of the Notables as well as the actual control of British imperialism. Islamic symbolism plays a less conspicuous role in the politics of the Palestine Revolution in its post-1965 phase.

Basically, Johnson is correct in his assessments although there are some difficulties with his interpretation that arise from his excessive dependence on selected source material. He is aware that a great deal of the historical and political literature that deals

with the Palestinian movement stems from external and often not rigorous observers (although we are getting better material as time goes on). I think that it is important to test the hypothesis that the hegemony of the so-called Notables was being challenged by multiple sources, one of which was Shaykh al-Qassam. For in the late 1920s and after, the rise of a labour movement, the development of an incipient elite made up of professionals drawn from the middle class that has no affiliation with the Notables, the rise of the communist movement and the commercial bourgeoisie with its power in the cities contributed to the weakening power if not influence of the Notables; the political expression of these groups was clearly more secular in tone and less traditional in style. It is this structural transformation that helps to explain in part the assumption of an entirely different type of leadership with a different type of symbol complexes in the period following the dismemberment of Palestine. I would venture to suggest that that leadership would have assumed power had the Palestinians remained on their soil after 1948. Our sympathy for the revisionist observers of the Palestinian scene—Kayyali, Hirst and Kanafani—who accept the Fanonian and Maoist suggestion of the revolutionary thrust of the peasantry, should not lead us to minimise the role of the urban population in combating imperialism and Zionism in Palestine. After all, the first use of British air raids was not against the rural population but against the old quarter of the city of Jaffa (in the name of urban removal) and most major uprisings were initiated in the cities of Palestine. An analysis of the urban basis of the revolt might reveal a less crucial role for Islam than is assumed. Be that as it may, Johnson has made an important analytical contribution to the study of Palestinian nationalism, its basis and its rhetorical expression.

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### **Long-distance Water Transfer: a Chinese case study and international experiences**

Edited by Asit K Biswas, Zuo Dakang, James E Nickum and Liu Changming  
Dublin: Tycooly International. 1983. 417pp. £42.00. £24.50pb

*Long-Distance Water Transfer* considers large-scale mass transfer from water-surplus to water-deficit regions in order to further the economic development of the latter through agricultural and industrial improvements. In 1980 the Chinese Academy of Sciences and the United Nations University co-sponsored an investigative tour by Chinese and foreign experts, followed by a Symposium in Beijing focusing on: a) the necessity for China to make a large-scale south-to-north water transfer, and b) the likely impacts of such a transfer. The book is largely based on that seminar, and deals with a topic which has been controversial for the last two decades—not least because technological advances have allowed increasingly large transfers to be made, transfers which can generate considerable social and environmental impacts.

The first part of the book (chapters 1 to 5) attempts to outline the general considerations for long-distance water transfer projects and experiences gained from projects (and proposals for projects) already undertaken in various parts of the world, including Egypt, Japan and Texas. The second part of the book (chapters 6 to 29) examines the Chinese proposals for south-to-north river diversion, which, if carried out, will be one of the largest water projects ever undertaken.



In chapter 1, Biswas stresses the need for careful consideration of the costs and benefits (including secondary and tertiary costs and benefits) and the desirability for those transfers already implemented to be studied to provide information for those planning future projects. Chapter 2 explores the large transfers made in Egypt and their impacts on environment and agriculture. Surprisingly, nowhere is the Jonglei Canal discussed—a strange omission as there is a considerable literature on it, including environmental impact assessments. A useful overview of water management and the environment is given in the third chapter, including a brief discussion of the On-Farm Water Management Development Project initiated in 1976 by Pakistan to combat Indus basin irrigation inefficiencies. Chapter 4 surveys Japanese water transfer projects. The Texas Water Plan (1968 proposals for large-scale diversion of Mississippi water to Texas—proposals which were largely not implemented) is discussed in chapter 5, and illustrates the need for planners to consider environmental and social aspects as well as engineering and economic matters (the former two were neglected by those compiling the Texas Water Plan).

The coverage of chapters 6 to 29 reflects the complexity and multidisciplinary character of inter-basin transfer planning. The Chinese proposals are outlined in chapters 6 and 9 (chapters 14 and 23 consider the need for the transfer and possible alternatives and might have been better placed alongside chapter 6). Chapters 7 and 8 examine the natural conditions in the regions likely to be affected by the transfer, and the land use and crop allocations proposed. Chapters 10, 11 and 12 deal with environmental impact assessment of the proposed transfer: 10 is a largely theoretical exploration of the impacts that might be generated; 11 considers the identification and prediction of impacts; 12 focuses on the assessment of impacts. The present water use and institutional circumstances of the North China Plain (the recipient region) including water rights, inter-provincial relations and irrigation management are examined in chapter 13. The present environmental characteristics (e.g. water resources, potential evaporation and field water consumption, etc.) are considered in chapters 15 to 22 and 24. Chapters 25, 27 and 28 consider specific impacts which the south-to-north transfer might generate: on atmospheric water balance in the proposed transfer region; on seawater intrusion in the Chang Jiang Estuary; on fish stocks and on the ecosystem of the Huang-Huai-Hai Plain. Chapters 26 and 29 deal with water quality and population in the transfer region and experimental study of improving saline-alkali soils in Shandong Province respectively (these two chapters, like 14 and 23, seem out of place and should perhaps have been included with chapters 15 to 22).

On balance *Long-Distance Water Transfer* is a most useful text for anyone interested in river diversion, Chinese agricultural development, irrigation or environmental impact assessment. Apart from the sometimes rather confused layout of the chapters, the standard of presentation is high.

CHRIS BARROW

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**Project Evaluation in Regional Perspective: a study of an irrigation process in northwest Malaysia**

C Bell, P Hazell and R Slade

London: Johns Hopkins University Press (for the World Bank). 1982. 326pp. £24.00

Peninsular or West Malaysia has produced more than four-fifths of its rice consumption since the early 1970s compared to about three-fifths at political independence in 1957. This move towards self-sufficiency has involved a near-doubling of domestic rice production in the 15 years following independence, so that by the mid-1970s, Peninsular Malaysia was producing about a million tons of rice a year. Almost all of the increase in production came from double-cropping using high-yielding seed varieties which, in turn, required massive investments in irrigation schemes.

Nowhere was this 'Green Revolution' more evident than in the main 'rice bowl' area around the Muda river in the small north-western states of Kedah and Perlis. This area of a quarter of a million acres now produces about half of Malaysia's unmilled rice (or *padi*) following an investment between the mid-1960s and mid-1970s of more than 200 million ringgit—more than £40 million—with something like half of this being financed by loans from the World Bank.

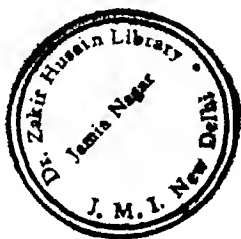
*Project Evaluation in Regional Perspectives* is about the Green Revolution in Muda. It results from research carried out for the World Bank and the Food and Agricultural Organisation between 1972 and the end of the 1970s. The object of the research was to look at the benefits—particularly the indirect ones—generated in the Muda region by the investment in irrigation. The three authors, two of whom work in the World Bank, describe the techniques used to study these benefits. The techniques included Social Accounting Matrices (SAMs) and a programming model called TIGER.

The authors claim that while the Muda scheme produced a high social rate of return, it has failed to generate self-sustaining growth in the Muda region, with most of the surplus being transferred outside the area. Unfortunately, in none of the ten chapters of the book is there a discussion of alternative policies for inducing reinvestment of this surplus in the region. There is, however, some discussion of policy issues in chapters 9 and 10, and most non-specialists will want to go straight to these, skipping the rest. Indeed, since the book comes to many of the same broad conclusions as other Muda area studies which have not used SAMs and TIGER-like models, it is tempting to suggest that the authors would have better spent their time using less static and more disaggregated methods of investigation. One of the major conclusions is that the double-cropping in Muda has not given rise to the same distributional strains as have similar Green Revolution schemes in India, partly because in Muda, land ownership in the early 1970s was relatively equally distributed and many tenancies were linked with kinship. Unfortunately, the book's coverage since the mid-1970s is somewhat meagre, and from other more recent research, there are suggestions that some of the social tensions characteristic of the Green Revolution elsewhere have appeared in Muda in the late 1970s and early-1980s.

Those readers who find delights in SAMs and TIGER-like models may want to spend £24 on this book, but to those with a more general interest in Malaysia or the Green Revolution, my advice is—first skim through chapters 9 and 10 of the book in a library, and then decide whether to buy it.

CHRIS EDWARDS

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**117 Days**

Ruth First

London: Penguin. 1982. 144pp. £1.95pb

**Black Gold: the Mozambican miner, proletarian and peasant**

Ruth First

Brighton, England: Harvester Press. 1983. 256pp. £30.00

It's hard to write of detention in solitary confinement without lapsing into self-pity. Ruth First achieves this in her account of 117 days' imprisonment under the notorious South African 90-day detention law, which can be indefinitely renewed. Confined in a cell, eight feet by six, she was forced like others in similar circumstances, then and now, to live through the mediated world of sounds penetrating the thickness of brick walls and multiple locked doors. In that claustrophobic environment, with all the fears of repeated interrogation sessions lurking beyond that door, she still manages to introduce strains of humour into her account—as in the naming of the wardresses by the sounds of their voices—Raucous, Shrill, Pained, and Competent.

Ruth First joined the South African Communist Party as a young girl and avidly flung herself into full-time political activity, assisting the great Miners' Strike of 1946 and earning her living as the Johannesburg editor of a number of radical newspapers. Her friends and comrades formed the leadership of the African National Congress. Ruth's detention occurred at a time when the movement was moving away from the frustration of civil disobedience campaigns in the face of an obdurate white settler state to armed struggle. In Ruth's words, '... Sharpeville, where the grotesquely sprawled bodies in the bright sunlight had shown the world the meaning of Nationalist rule, demonstrating to South Africans that you could not fight terror with spontaneous anger and appeals for a change of heart by the oppressor'. This was the time of the Rivonia trial, when the majority of the movement's leadership were arrested, setting back the course of the South African struggle a decade or more. The torture of detainees, now a matter of routine, was first revealed, including the death of Looksmart Solwandle Ngundle, an ANC activist. In later years, Steve Biko and Neil Aggett, amongst many others, were to follow as martyrs in detention.

Some prisoners at that time, like Ruth, were soon released. Others, such as Harold Wolpe, escaped. Yet more, like Nelson Mandela and Walter Sisulu, still languish in detention. The sun has risen and set over eight thousand times since they were jailed. They do not know if they will ever see that sight again.

Ruth escaped the clutches of the *apartheid* state temporarily. She moved into exile in England but continued her political work, notably in the international campaign for disinvestment from companies operating in South Africa. It was in the context of organising a student occupation of a university in the early 1970s, over just this issue, inspired by her co-authored book *The South African Connection*, that I first met Ruth. The strength of will and political determination which had seen her beat her prison captors inspired her solidarity campaigning. She became an academic, writing widely and influentially on all of Africa. Then, with Frelimo's victory against the Portuguese colonial power, a new opportunity to return to Southern Africa arose.

As she recorded in this book, first published in 1965, and now reprinted with a preface

by a fellow activist of those times, Ronald Segal, 'We who chose to be involved in politics did not, could not, define the reaches of Government counter-action'. The tentacles of the apartheid state which failed to crush Ruth's spirit in detention in the early 1960s, succeeded with a letter-bomb which she opened on 17 August 1982, in Maputo, Mozambique. I had spoken with her a couple of days before, in the same room where she had opened the letter which blew her apart with such force that it destroyed the outside wall of her office. The strength of her argument and the justice of the cause she propounded were more than a match for the apartheid state terror to which she fell victim.

In 1977, Ruth First took up the post of research director in the Centre of African Studies at the Eduardo Mondlane University in Mozambique. It was there that she initiated a collective study on migrant labour to the South African gold mines. The results were produced first as a report for the Mozambican government and now as a book. At this point I should declare a self-interest as I was one of the core members of full-time staff at the Centre during that period who undertook the research. However, it was very much Ruth's own initiative and sufficient time has now elapsed for me to undertake a detached appraisal of the work, both its strengths and weaknesses.

South Africa's economy has grown on the backs of migrant labour both from the 'Bantu reserves' internally and from the surrounding states within the region. Mozambique came to provide a large body of the workforce on the gold mines. Gold has in the past, remains in the present, and will continue in the future to be the mainstay of the South African economy. *Black Gold* is a comprehensive and detailed study of the effects on the south of Mozambique of providing a third of all its able-bodied males every year for four generations to work on those mines.

Given the weakness of the Portuguese economy, the colonising power was obliged to rent out the labour in the south of the country to mining capital in South Africa and invite in foreign capital to use the land and labour of the northern two-thirds of the country. In this regard, the book analyses the country in terms of 'colonialism by proxy'. A series of State to State agreements were made between South Africa and Portugal to regulate the labour recruitment system and all that it entailed, by way of deferred payments, guarantees of certain flows of transit trade through the Mozambican port of Lourenço Marques etc. The operations of the Witwatersrand Native Labour Association (WENELA) were truly astounding. The labour monopoly the Chamber of Mines enjoyed through WENELA, enabled them to operate the cheap labour system with a speed, efficiency and callousness to human suffering that must have been the envy of many less fortunate entrepreneurs. As the book says, 'It was the existence of vast catchment areas of tied labour which enabled the mining companies, operating through their monopolistic labour recruiting body, to force reductions in the wages of mine labourers in the early years of the industry, to undermine the resistance of African workers in South Africa to these reduced levels, and to maintain consistently low wage levels over decades'.

The study provides carefully compiled and detailed statistical data as evidence to back up its arguments. But there is also a careful balance maintained with the vividly chosen qualitative material, in the form of work songs and interviews compiled and collected by Alpheus Manghezi, who must be singled out for special congratulation for the work he has done. A profile of the mine labour force is provided, the frequency and length of contracts explored, wages, work experience and skills described. Six miners' work

histories are provided which make fascinating reading. Perhaps the most important conclusion of the study is that even though men may spend such a large part of their lives in a subterranean proletarian existence, they still maintain their peasant base. The goal of the system after all, was to cheapen the labour by removing the burden of the cost of reproducing that labour to the peasant economy.

A large section of the book is given over to exploring the nature of the peasant base and, as in the case of the miners, an extensive questionnaire survey was employed by a large team of research assistants. The interdependence of the mine and peasant economies becomes very apparent from the data collected. In a concluding chapter entitled 'Workers or Peasants?' the authors write, 'We have tried to show how these peasant societies, far from constituting some 'traditional' sector distinct from the so-called 'modern' sector, as dualist theory would have it, were deeply penetrated: accumulation by mining capital in the highly industrialised South African economy was based on labour extracted from these and other peasant societies in the region'. Over time peasants became dependent on wages earned on the mines for their own reproduction and for the purchase of basic necessities. 'Mine wages were needed to ensure the reproduction of the peasant economy; and that peasant economy in turn reproduced successive generations of miners'.

It is here, with its categorisation of the 'worker-peasants' that the study is at its weakest, as essentially we are dealing with male miners and female peasants with the family articulating the two. The role of the female peasantry tends to drop out of focus altogether, which is a serious shortcoming. A further danger that has to be dealt with more carefully, might stem from a too extreme interpretation of South African capital's hold over the country to the neglect of a study of Portuguese capital's own influence, which should not be ignored.

Notwithstanding these qualifications, and a final one concerning the ridiculous price the publishers have placed on the volume, this is an essential book to get for the library. It is by far the most detailed social scientific study carried out on mine labour in the region and marks a major contribution to our knowledge of the political economy of Mozambique. It is a substantial final monument to Ruth First's contribution to the African liberation struggle. And no terrorist letter bomb can destroy that.

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### **Imperialism and Fascism in Uganda**

Mahmood Mamdani

London: Heinemann. 1983. 115pp. £2.85

Mahmood Mamdani may be among the half-a-dozen most brilliant social scientists to have emerged from East Africa, but this book is not the best evidence of that. What the book does demonstrate is that Mamdani is also among the cream of East Africa's polemicists. The book does at times attain sheer eloquence as it attributes Idi Amin's 'fascism' to the long-standing imperialist machinations of the external world. This is an exciting book—full of fireworks. But it is a polemical book rather than a scholarly work.

What was the character of Idi Amin's regime? Did Amin really preside over a socio-economic system? Was the system fascist? Indeed, what is 'fascism'?

Mamdani tells us: 'Fascism is neither a child of backwardness nor of advanced industrialisation. It is really a product of imperialism in crisis' (p 35). Mamdani does not tell us when imperialism is *not* in crisis. Imperialism seems to be in perpetual crisis. Why did it produce fascism in Uganda but not in Tanzania? In South Africa but not in India? In Hitler's Germany but not in Churchill's Britain?

For a socialist, Mamdani sounds singularly disdainful of unemployed urban workers. He calls them 'urban riff-raff'. Idi Amin had decided to tap this reservoir of the unemployed and recruit them into his army. Instead of criticising the way the recruitment was done, or the lack of adequate training for the new recruits, Mamdani seems to be objecting as a matter of principle to what he calls 'the recruitment of the urban riff-raff into the army' (p 43).

Mamdani is no Frantz Fanon. Fanon had had a basic sympathy for the lumpen proletariat, and regarded this stratum as potentially transformative and creative. Mamdani shares the wider Marxist disdain for lumpen stratum.

It was I who coined the term 'the lumpen *militariat*' and applied it quite early to Idi Amin's army. Mamdani seems to attribute 'the lumpen character' of Amin's army mainly to the recruitment of 'urban riff-raff'. Amin's army was in fact 'lumpen' even before he became Head of State. As architect of Obote's army in Uganda's First Republic, Idi Amin had been recruiting from the *lumpen peasantry* even before he started recruiting from the 'urban riff-raff' in his own presidential days.

Without mentioning my name, Mamdani takes me to task for distinguishing between tyranny (centralised violence) and anarchy (decentralised violence) in Uganda. I had argued that not all the violence in Uganda was orchestrated by the regime (by the tyrant). Quite the contrary, the latter years of the Amin era had at least as much violent anarchy as violent tyranny. (See 'Between Development and Decay: anarchy, tyranny and progress under Idi Amin', *Third World Quarterly* 2(1) January 1980 pp 44-58).

Mamdani argues that the tyranny and anarchy in Uganda were both part of fascism. He then goes on: 'Now, certain learned professors have tried to split the institutional aspect of fascist terror from its individual aspect, to limit the fascist responsibility to the former ("centralised" violence) while divorcing fascism from the latter ("decentralised" violence or "anarchy"). To do so is not only to become an unconscious apologist for Amin's fascism; it is also to apologise in advance for future fascist regime, thus paving the way for it' (p 44).

What Mamdani prefers to ignore is the fact that Uganda's anarchy has persisted even after Amin's fascism has been removed. Obote's second administration may indeed be 'bourgeois', but is Mamdani accusing it of being also fascist? If he is not, then the elimination of fascism in Uganda has not resulted in the elimination of decentralised violence. I was, therefore, right in distinguishing the tyranny from the anarchy.

Mamdani is right in his insistence that leading individual participants in a system are not the same thing as the system itself; yet he himself seems busy scoring old points with former ideological adversaries of his days at the University of Dar es Salaam. Wadada (Dan) Nabudere comes in for special attack in this book. So do such other 'learned opportunists' as Edward Rugumayo and Wanume Kibedi (and Yash Tandon?). Kibedi is also denounced as an 'American agent'—though this neo-MacCarthyite charge is not supported by any evidence. Is Mamdani letting individual trees blind his vision of the systemic forest?

If Soviet supporters are applauding all this outburst of Mamdani eloquence, they have

evidently not got to the second half of the book yet. Mamdani argues that the militaristic foundations of Amin's fascism were as much the creation of Soviet military support as they were the result of Western economic imperialism:

When it comes to dealing with neo-colonies (like Uganda), both the Soviet Union and the United States see the military as the only well-organised disciplined force to 'concentrate weak and scattered economic organs' around. But the U.S.S.R. has a greater preference for highly militarised regimes. Because its own economy is highly militarised, it is in the field of military technology that the U.S.S.R. can compete successfully with the United States (p 76).

Although Mamdani does not follow his own analysis through, his book helps to illustrate that the Amin regime was in part a product of two external conflicts—the East-West conflict and the Arab-Israeli conflict. In the case of the Semites, Amin had to choose between the two Semitic peoples. He replaced the Jews with the Arabs as allies. In the case of the Soviet Union and the Westerners, Amin did *not* have to choose. He simply combined Soviet military support with continuing economic linkages with the Western world.

What Mamdani's book ignores entirely are the indigenous causes of the Amin regime. Once again a Third World writer has proved incapable of accepting any part of the responsibility for our own sad, sad predicament. The external world has a lot to answer for—but so have we! Mamdani seems to think that the only Third Worlders who are pernicious are those who are agents of external powers. Living in Uganda, Mamdani ought to know better than that. There are Third Worlders who are evil in themselves. Idi Amin may have been one of them. His latter-day struggle against imperialism helped to mitigate the intrinsic evil within him. It did not compound the evil, as Mamdani asserts.

ALI A MAZRUI

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### **The Angolan War: a study in Soviet policy in the Third World**

Arthur Jay Klinghoffer

Boulder, Colorado: Westview Press. 1980. 229pp. £18.00

The Soviet and Cuban intervention in Angola in support of the forces of the MPLA was obviously a very significant event from the point of view of the level of Soviet commitment to liberation movements in the Third World and the willingness of the Soviet Union and Cuba to openly commit themselves to provide substantial material support, and the provision of troops in Cuba's case, to an ally which was only one of a number of movements competing for power in the aftermath of colonialism. It was an event that sent shockwaves reverberating through the corridors of power in the West, particularly Washington, and in Peking also. However, it is easy to take the Angolan events out of their historical and regional context and inflate their importance. The Soviet actions in Angola were important because they represented a very clear Soviet statement of their continued support for the cause of national liberation in Southern Africa and demonstrated the Soviet Union's ability to intervene, though only to intervene in the sort of favourable circumstances that were evidenced during the crisis in Angola, on behalf of a liberation whose credentials were accepted by the Soviet Union. The Soviet role in Angola certainly influenced American thinking on Moscow's ideas about détente and the durability of détente. But it is an exaggeration to say, as Klinghoffer does, that Angola 'has already joined Yalta and Vietnam as pulsating

schizoid facets of the Western political psyche'. Western politicians were worried by the Soviet Union's willingness to supply arms to the MPLA and logistical support to the Cuban troops in Angola, but later events, such as the Soviet military intervention in Afghanistan, have had a far more long-lasting and fundamental influence than Angola.

In the regional context, Angola and the Soviet role were of greater import. But here again, one must be careful not to overstate the effects of the MPLA's victory. Geographically, it was an important victory for the prospects for African nationalist movements in Namibia and South Africa, and, to a lesser extent, Zimbabwe; but, to say that, as a result of the events in Angola, liberation movements in Southern Africa increasingly turned to the USSR would be to make Angola more of a causal factor in the relationship between Moscow and ZAPU of Zimbabwe, SWAPO of Namibia and the ANC of South Africa, than it was. After all, each of these movements had a history of close relations with Moscow that paralleled the relations between the MPLA and Moscow, and Moscow had been providing weapons and military training well before the events covered by Klinghoffer's book. Klinghoffer also suggests that the MPLA victory in Angola led to a working alliance between the MPLA, ZAPU, SWAPO and, possibly, the ANC. Whilst one cannot deny that these movements enjoyed close contacts and cooperated with one another, the relations pre-dated the Angolan conflict; one can trace their links back to the January 1969 conference of liberation movements (Soviet-supported ones) in Khartoum. He also, somewhat inaccurately, says that, following the events in Angola, ZANU began to receive Soviet arms and that it became possible that the Soviet Union and Cuba might relegate China to a secondary role as far as ZANU was concerned. Klinghoffer unfortunately does not offer any evidence to support this assertion and makes no reference to the fact that the only Soviet arms received by ZANU were those loaned to it by Mozambique and Ethiopia. The Soviet Union, to quote Zimbabwean Foreign Minister, Witness Mangwende, did not give ZANU 'a single penny', let alone weapons.

Questionable conclusions apart, the book is a mine of interesting and useful information about the Soviet and Cuban roles in Angola, the US responses and the position of the Chinese. Klinghoffer's narratives are meticulously footnoted and well-written. Although one can take issue with some of his general conclusions, those offered at the end of each chapter on the significance of, for instance, the Southern African context of the Soviet role in Angola, are generally reasonable though perhaps somewhat predictable.

The lay-out of the book and the presentation of the narrative do not lead to easy reading, nor to a good overall impression. Rather than give a general narrative of the course of events in Angola followed by analyses of the different factors involved (for example, the effect of Chinese involvement, the relationship between events in Portugal and those in Angola), the author chose to deal with each factor separately and to give a series of narratives dealing specifically with the effect of different aspects of the Angolan crisis on Soviet actions. Unfortunately, this artificially separates interacting factors and makes it harder for the reader to weigh up Klinghoffer's conclusions and to compare the effects of different events on the final outcome. One's attention and concentration are further diverted by Klinghoffer's attempt to put forward two competing hypotheses in a number of the chapters (those dealing with the internal dynamics of Angola, the effect of the Portuguese connection, the Southern African context, the continental African context, the global setting, American dilemmas and Chinese involvement). In each of





these chapters one hypothesis basically defends Soviet actions whilst the other takes the line that they were unwarranted by events or were an attempt to establish Soviet domination. Klinghoffer puts forward a narrative to support each hypothesis and then discusses them and always comes to a conclusion somewhere between the two. This seems a most unsatisfactory device for analysis as in none of the cases where it is used can the complex events be reduced to two competing hypotheses. Furthermore, the hypotheses are so obviously 'straw men' that are to be knocked down at the end of the chapter that it is a temptation to skip them and go straight to the end of each chapter to see what the author really thinks. The device also cuts up the narrative and makes it harder still for one to combine all the competing factors in the Soviet-Angolan nexus in a coherent analysis.

In judging the author's conclusions about the most important influences on Soviet actions, it is hard not to come to the conclusion that he rather underplays Soviet fears of the Chinese role in Southern Africa and perhaps overstates the relationship between Soviet interest in the Portuguese revolution and Soviet interest in Angola and Southern Africa. One also gets the impression that he misses the unique combination of factors in the Soviet-Cuban intervention that makes it unlikely that it would be repeated elsewhere in Southern Africa; these were: US fear of another Vietnam, Chinese inability to match Soviet arms supplies, and, perhaps most important of all, South African intervention on the side of the forces opposing the MPLA.

Overall, the book is rather disappointing, both because its conclusions are questionable and its structure cumbersome and a hindrance to understanding and appreciating the interplay of competing forces in Angola. In addition, Klinghoffer fails to make any rigorous analysis of Soviet statements on particular events or to differentiate between Soviet sources (for example, between *Pravda* and Radio Peace and Progress). One must acknowledge, though, that it is still a useful book and that its bibliography and footnotes will be invaluable to those studying Soviet policies in Southern Africa.

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#### **Imperialism in East Africa (vol 2: Imperialism and Integration)**

Dan Nabudere

London: Zed Press. 1982. 188pp. £16.95

Even before the publication of this book, Dan Nabudere had already established a reputation as a powerful Marxist scholar, partly through the debates that took place in the 1970s at the University of Dar es Salaam, where he was a professor of law, and partly through a number of publications including his seminal work, *The Political Economy of Imperialism* (1978). In this book, he continues the work started in Part One of this volume, *Imperialism and Exploitation* (1981), in which he re-casts the history of Kenya, Tanzania and Uganda. In this work, as much as in earlier ones, Nabudere criticises the conceptual frameworks of many scholars, both of leftist and rightist persuasions. But his interpretation of Marxist-Leninism appears no more than an uncritical acceptance of Mao's ideas.

This book is divided into two main sections. The first section focuses on the bilateral integrative mechanisms utilised by the British and German authorities over their

colonies during the first phase of modern imperialism. It examines forces behind this type of imperialism that arose during the 1880s, in which Germany, previously a power with no colonies, found itself in the scramble for new territories, pitting itself against more established imperialists like Belgium, Britain, France, Italy, Portugal and Spain.

The author ingeniously points out how intra-imperial rivalries led to the type of policies pursued by the colonial powers. For instance, he argues that in that early period, a section of the British finance capital which was linked to the old landed class interests, pushed for the introduction of a white settler agricultural economy and engaged in large estate farming in the Kenya highlands and the Tanganyika (now Tanzania) highlands of Kilimanjaro. They also sought the establishment of a political federation of the countries in East and Central Africa. These policies were, however, at variance with the interests of the industrial and financial sections of British capital, associated with the Manchester and Liverpool textile monopolies who preferred peasant production to settler agriculture. He argues that the local people's opposition to colonialism, together with intra-imperialist rivalries and working-class struggles in Britain, eventually led to the collapse of British colonialism and its integrative mechanisms. But they were soon replaced by neo-colonial mechanisms.

In the second part, the book examines the forces that were responsible for putting the United States in a global hegemonic position, and how it used that position to enter the East African region. It points out that the multinational corporate strategies adopted by US monopolies to penetrate new areas previously under foreign control, forced other monopoly groups, particularly the British ones, to resort to the same tactics to defend their existing markets.

These strategies included encouraging import substitution in the three territories, which the British monopolies had previously controlled as a single market. The changing political circumstances and the ensuing competition with the American, West German and Japanese firms dictated the change of tactics on the part of the British monopolies. Nabudere argues that this monopolistic competition first fashioned and determined the individual neo-colonial economies and then created conflicts which dealt a blow to pan-African aspirations. It sabotaged attempts to establish an East African Federation in the 1960s and led to the collapse of the East African Community in 1977. The author further says that multinational corporate integration, in modern conditions of intensified monopolistic rivalries and the still rising national anti-imperial movement, is inconsistent with regional integration. This is not necessarily so where the monopolies themselves need a growing market.

Nabudere's argument that regional integration has no advantage over development on the national level as far as economic development is concerned, is neither backed by facts nor is it theoretically sound. Much will, however, depend on how large the state in question is, how rich it is in human and material resources, and what one's definition of economic development is. Even on the issue of sovereignty, Nabudere would find it really difficult to argue convincingly that the role of the state in world affairs has not diminished over the past forty or so years. With the multiplication of international organisations, especially after World War II, states have traded away part of their sovereignty in the process of making these organisations strong. See, for instance, what the International Monetary Fund does to the poor countries—a situation which is nonetheless regrettable. Anyone who argues that sovereignty is obsolete is wrong; so

are those who fail to see that it has diminished. In spite of this, many readers will find Nabudere's book lucid and fascinating.

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### **Female and Male in West Africa**

Edited by Christine Oppong

London: George Allen and Unwin. 1983. 402pp. £18.95. £8.95pb

Changing relations between women and men in West Africa are illustrated through twenty-two case studies, ranging from a portrayal of relations between the sexes in Nigerian high-life music to the links between economic activity and family among women in a Ghanaian canoe-fishing community, drawn together under five sections. Most of the material presented is based on ethnographic field research conducted at a microlevel.

Inspiration for the book derives from the objective of activating interest among women and men from all walks of life, including lay persons, academics, administrators and policymakers. This ambitious aim is reinforced by three others. First, to remedy the perceived lack of analytical emphasis given to informal relations between the sexes as opposed to more formal, legal and political relations. To this end, individual chapters examine the interaction of women and men in the domestic sphere and wider social environment (or spheres of reproduction and production), as well as contrasts in their expectations and behaviour, highlighting the wide cultural diversity of the region. Second, to draw out the complementarity and interconnectedness of female-male relations as well as inherent conflict, diversity and tension. Third, and related to this, to provide an escape route out of the 'currently pervasive neo-sexist trap' of feminist analysis.

That most of the chapters are couched in terms which are inaccessible to all but a small minority well versed in the terminology of ethnographers, anthropologists and proponents of structural functionalist modernisation theory prohibits readership of the scope imagined. Moreover, the combination does not provide a recipe for an action-manual aimed at a popular audience. As a resource of substantive materials to be dipped into selectively and critically, however, it will serve as a useful asset on university library shelves, not least because it raises as many questions as it provides answers.

Part one sets out to furnish the reader with a statistical, and implicitly broader contextual, framework in which the presentation of subsequent case studies is rooted. As such it is crucial in laying down the parameters of what follows. It is also the weakest section of the book. Women are defined acritically as wives, child-bearers and child-rearers, although a growing number of women in West Africa have not experienced marriage, pregnancy or motherhood. A determined reader is forced to wait until chapter nine for the question as to 'Who is a wife?' to be posed and discovers only in section five and the postscript that the equation women-marriage-children is far from universally applicable in practice. Various dimensions of women's differential social experience are raised, but no real attempt is made to grapple with the dynamics behind the 'facts' presented, let alone to probe the links between women's dual responsibilities in production and reproduction, or the ways the two interact and conflict, although the

distinctive feature of West African societies is pinpointed as being a pattern of high fertility combined with exceptional levels of economic activity. The concept of 'female economic activity', as many other concepts used, is not adequately problematised, and is ultimately reduced to the level of production. Little attention is devoted to the many time-consuming and arduous tasks (for example, water and fuel collection, child-care, household chores) most women engage in on a daily level without recognition or remuneration. Official statistics are seen to be severely defective in accounting for women's economic activities, but are employed nonetheless in causal fashion.

The methodological and conceptual problems evident in the introductory section run, to varying degrees, throughout the chapters which are somewhat arbitrarily divided into sections. Most reflect an inherent ambiguity and strain between complementarity versus diversity, consensus-cooperation versus conflict-tension deriving from the theoretical model which informs the book. This gives rise to two problems. First, a tendency toward description rather than critical analysis. Many different expressions of women's subordination are highlighted at the level of behaviour and expectation, but the modes that subordination takes and the mechanisms which sustain, perpetuate and change its form are never confronted head on. Second, conflict is ultimately reduced to a theme or strand which leaves many aspects of female-male relations, either totally or partially hidden from view.

From a feminist point of view these ambiguities and tensions are manifestly apparent in quotes such as '*so-called female subordination* is often a facade hiding a large degree of equality between the sexes' (p 246) and '*there is evidence for and against the view that Ghanaian traditional society is male dominated*' (p 272, my emphasis) which pervade the 373 pages or so. Rather than hypothesising the bases and precise manifestation of women's subordination and oppression, the book actually hypothesises the very existence of those social phenomena, which leads it into many a circular argument.

That contributors to the book appear uncertain as to whether women really do suffer sexual discrimination and male dominance at all may be in part attributed to the denigration of analysis which concentrates on the study of women, by women, for women, clearly stated in the preface. The argument that women should not be analytically segregated out and that issues of concern to women need to be taken seriously by men as well is a powerful one in its own right. Used as an apology for rejection feminist analysis, it serves little purpose unless that analysis is replaced with another, more convincing frame of reference. The articles taken singly and together do not manage, however, to develop an alternative nor do they convincingly challenge that which exists, although some new and interesting insights are provided at the microlevel.

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## US Interests In Africa

Helen Kitchen

New York: Praeger (with Georgetown University's Center for Strategic and International Studies). 1983. 106pp. \$6.95

American policy toward Africa has been episodic, unpredictable and most often reactive to real or imagined Soviet intrusions. What factors, then, should the United

States take into consideration in shaping a coherent, and perhaps more congenial, policy toward African states? That is the question that Helen Kitchen, Director of African Studies at Georgetown University's Center for Strategic and International Studies, asks in this book. It is part of her project (supplementing the monthly *CSIS African Notes*) to 'de-mystify and unsimplify' Africa, a task she started in 1981 with vigour when she replaced Chester Crocker who had joined the Reagan Administration as Assistant Secretary of State for African Affairs.

The book is interesting and thought-provoking, though concise. It looks at past policy failures, points out the intricacies of African politics, and suggests guidelines for future American policy towards Africa. It looks also at the phenomenon of aid, discusses the role of the media, and illuminates weak points in Soviet strategy. Some of Washington's policy problems have stemmed from the failure of policymakers to see African problems in their local contexts. The tendency to see the Soviet Union behind every African conflict has elicited inappropriate responses which have in turn led to dismal failures.

This problem has been compounded by what Dr Kitchen calls the 'weakness of institutional memory', the changes in policy approach that accompanies the election of a new party into power. The desire by the new policymakers to begin with a 'clean slate' not only lowers the credibility of the US, but often means that negotiations with other governments keep dragging on much longer than they would otherwise be. Dr Kitchen questions also the wisdom of running African policy from two bureaux in the State Department, namely the Bureau of African Affairs which handles sub-Saharan issues including Chad, Sudan and Western Sahara, on the one hand; and the Bureau of Near Eastern and South Asian Affairs which, though tied up with problems of the Middle East and South Asia, deals also with Morocco, Libya and other North African states.

She argues that one reason the US has not yet developed a clear set of guidelines on its interests and diplomatic objectives in Africa is that it lacks a policy planning component focused on broad historical goals and options. Without a conceptual approach that takes into consideration long-term African and American interests, Washington's Africa policymaking will remain primarily an adjunct of US security interests in Europe, the Middle East and Asia. She says that, for many years, the major US commitments of senior-level attention in Africa have all been approached as missions that were expected to have a definite beginning and end.

Dr Kitchen suggests that a coherent US policy toward Africa requires the development of an institutional mechanism for determining what developments and trends involve interests that are vital to the US over the long run. They have to get their facts correct and consistently support African efforts to prevent or resolve regional problems that could escalate into direct or surrogate conflicts between the East and West. While encouraging the development of the regional economic building blocks envisaged in the 1980 Lagos Plan of Action, the US should also seek to maintain access to resources and trading partners and dialogue with African leaders, irrespective of the shifting ideological commitments of the governments involved. She also suggests that the US government should be cautious of making rhetorical commitments or threats which neither public opinion nor Congress can support, but at the same time it should seek to operate throughout Africa as a positive force confident of its own values and worth, instead of operating reactively to a Soviet presence that is an inevitable phenomenon of the post-colonial era.

In this book, Dr Kitchen leans neither to the Democratic nor to the Republican

Administrations. She rides also above the narrow policy perspectives of various policymakers. Even as John Marcum of the University of California, Santa Cruz, has observed, the author 'consistently refuses to get caught in reductionist dichotomies, for example, globalists versus regionalists, and moves discussion of such issues to a constructive level of informed, commonsensical review'. Indeed, most readers will find her analysis lucid, but controversial. At the same time, they will find unconvincing her apparent effort to isolate US African policy from the general malaise afflicting the entire US foreign policy.

SAMUEL M MAKINDA

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### **Soldiers of Perón: Argentina's Montoneros**

Richard Gillespie

Oxford: OUP. 310pp. £19.50

Although in many ways it makes very depressing reading, Richard Gillespie's detailed and comprehensive account of the Argentine Montoneros is a valuable contribution to the literature on recent times in Latin America. The Montoneros (their name was taken from the term for the small irregular armies that roamed Argentina's countryside in the nineteenth century) were Latin America's most important urban guerrilla movement of the 1970s. They were especially prominent (and probably won their widest support) during the short interlude of democratic politics that occurred between the abdication of General Lanusse's military regime in 1973 and the installation of General Videla's in 1976. These were the confused years when the Perónist government, first under the ailing Perón, and subsequently under his widow Isabelita, struggled unavailingly to break the demi-secular Argentine cycle of militarism and ineffective democracy.

The Montoneros, whose roots can be traced to right-wing Catholic nationalist traditions as well as to the revolutionary Marxist trends of the 1960s, had earlier attached themselves to the left wing of the singularly capacious Perónist coalition, in the belief that Perón himself, once restored to office, would be transmogrified into a true revolutionary nationalist—a sort of older, Argentine version of Fidel Castro. Nothing in the General's previous career warranted such an assumption. (True, in his Spanish exile, Perón *had* often made ambiguous pronouncements which allowed an almost infinite range of interpretations.) The Montoneros thus lived from the start in a world of illusion. Perón simply failed to live up to the role in which he had been cast. Nothing daunted, the Montoneros then became victims of a further illusion: a strategy of armed struggle, they felt, would save the day for revolutionary nationalism. This posture, backed up by ruthless armed actions of various kinds, failed to convince the bulk of 'orthodox' working-class Perónist supporters—still less, of course, the millions of non-Perónist Argentines. It also had a fatal effect on the already shaky political situation, by helping to intensify a climate of uncertainty and violence which eventually brought on the military intervention of 1976 and the wave of indiscriminate repression that followed. In the notorious 'dirty war' of the later 1970s, victory inevitably went to the Argentine armed forces, at an altogether hideous cost. By any criterion, this story is a tragedy of the first magnitude. (I am not sure that Gillespie's rather cool tone really brings this out.) Whether the story as such throws much light on the viability of urban

guerrilla strategy for revolutionary nationalists in Third World countries is, in my view, very much open to question.

Argentina's strikingly European society and relatively high level of development (back in the 1920s it was very credibly classifiable as one of the world's seven richest nations) meant in the 1970s that it was far from possessing the profile of a 'typical' Third World country. It had no disaffected peasantry to be mobilised; its sizeable middle class saw no conceivable advantage in revolutionary nationalism of a 'socialist' kind; its large working class, for the most part, was loyal to the hard-to-define (but in the end very roughly 'social democratic') Perónist tradition. Using Mao Zedong's famous analogy, there was no sea for the fish to swim in. It may be assumed, I think, that revolutionary nationalism is far from dead in Argentina—but it is unlikely to gain much ground in the future unless its advocates radically alter their tactics. This seems to me to be the main lesson to be learned from Gillespie's precise, well-documented and clinical book.

SIMON COLLIER

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### **The Demographic Structure and Evolution of a Peasant System: the Guatemalan population**

John D Early

Gainesville, Florida: University Press of Florida. 1982. 207pp. \$20.00

This study of the population of Guatemala seeks to examine demographic changes from 1940 in the context of sociological change. This is done using two major sources of data: first, vital registration statistics and national censuses; second, ethnographic data. After the introduction, the book is divided into four distinct sections.

The first section is methodological and involves an examination of the vital registration statistics and national censuses. Although these data are exceptional for a society in the earliest stages of demographic transition, there are clearly problems of underenumeration and Early develops some techniques to revise the data, formulated with the use of ethnographic data, which could be applied in other developing countries. Early examines the difficulties of using national censuses in a later section, where he notes the problem of cultural bias.

The second part, composed of three chapters, considers mortality, fertility and the resultant natural increase at the national level, as well as reactions to it such as fertility control, migration and acculturation. Whilst many of the conclusions are not surprising, Early does provide some interesting ethnographic details which bring life to what might have been a rather dull presentation of statistics. Some of the most interesting comments, however, appear to be specific to Guatemala. For example, with respect to migration there is a very high level of migration from one rural sector to another in spite of the heavy influx to Guatemala City, a situation which is not common in most Latin American countries at least. Other interesting observations relate to the changing size of the Mayan Indian population relative to the Ladino population. Acculturation over the last few decades has resulted in a decline in the Indian population relative to the Ladino population, but Early suggests that this trend may not continue, as Indian mortality is likely to fall whilst its fertility is maintained, whereas Ladino fertility is likely to decline.

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## BOOK REVIEWS

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This would mean that for the first time since the sixteenth century the Mayan Indian population would increase at a greater rate than the Ladino population.

Having examined the demographic data available at the national level, the remaining and largest section studies the Maya community of Santiago Atitlán, the demographic structure of which can be said to be transitional between Phases I and II of the demographic transition. As a complement to this, Early develops a typology of Maya acculturation based on the wearing of Indian clothing as an index of acculturation, showing that acculturation begins in Phase II of the demographic transition as a response by the traditional Maya to the problem of high population increase in the face of land shortage.

The book is an interesting and successful attempt to combine the use of quantitative and qualitative data. Such data are not normally available for a long time period for societies in the early stages of the demographic transition and as such the study is of added interest. Whether similar patterns of change have occurred or are occurring in other developing countries is questionable; clearly, the land tenure system in Guatemala has strongly influenced acculturation and demographic change. The relevance of this study for other societies in a similar stage of transition can only be judged by ethnographic research, which Early strongly advocates and demonstrates.

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### **Human Cargoes: the British slave trade to Spanish America, 1700-1739**

Colin A Palmer

London: University of Illinois Press. 183pp. £11.95

As part of the settlement of the War of the Spanish Succession, Spain granted to the British crown in 1713 the *asiento*, or the sole right to supply the Spanish colonies in the New World with slaves for the next thirty years. Professor Palmer's book is the first serious attempt to examine British trade with Spanish America under the *asiento*. It focuses primarily upon the commercial activities of the South Sea Company which was given sole responsibility by the Crown for fulfilling the slave contract. In practice, the Company found it impossible to enforce its monopoly but still delivered, according to Professor Palmer's calculations, some two-thirds of the slaves supplied by British traders to Spanish America during these years. Using documentary materials from British and Spanish archives, Professor Palmer describes in some detail the Company's trading methods and investigates the distribution of its slave purchases in West Africa and their sale in the New World. It seems that between 1713 and 1739 the Company dispatched over 130 ships to Africa for slaves, most of which bought their 'human cargoes' at either Angola or the Gold Coast and then sold them at Buenos Aires. However, it also appears that Company agents were very active buyers of slaves for other markets such as Havana and Porto Bello in the British Caribbean islands, particularly Jamaica. It is suggested in fact that 59 per cent of the Company's slaving voyages originated in Jamaica. Such activities soon became a source of conflict between the Company's agents and British sugar planters.

However, this book is more than simply a study of the South Sea Company's trading methods, for Professor Palmer looks, albeit briefly, at the activities of illegal slave



traders, investigates, by means of newly-discovered data, the sex, age, health and prices of slaves in Spanish American markets, and offers some estimates of both the volume and profitability of the British trade with Spanish America before 1739. He argues that, despite the Company's continual failure to achieve its targets for slave deliveries, British traders as a whole probably supplied more slaves to the Spaniards than some historians, notably Philip Curtin, have estimated. Furthermore, the evidence available leads Professor Palmer to conclude that the Company made very respectable profits on paper from the 140,000 or so slaves it delivered to Spanish buyers. Such arguments may not receive universal acceptance—the Company may have had difficulty in practice in realising its profits, for instance—but they will surely guarantee that this pioneering and interesting study of what was a relatively small but significant segment of the British slave trade will attract the readership it deserves.

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### **Technology and Competition in the Brazilian Computer Industry**

Paulo Bastos Tigre

London: Frances Pinter. 1983. 186pp. £16.50

One of the major industrial policy questions facing Third World countries in the 1980s will be how to respond to the opportunities and problems created by the microelectronics revolution. Paulo Tigre's study of the evolution of the Brazilian computer industry is one of the first studies which documents the efforts of a developing country to establish a computer industry. It is a timely and important contribution to our understanding of an issue that is confronting governments throughout the Third World.

The study documents the aggressive and so far largely successful interventionist policies of the Brazilian government to 'reserve' important segments of the sector for local industrialists in the face of strong pressures to open up the market to foreign firms. There is a good analysis of the effects of the presence of multinational computer firms which shows convincingly that the competitive strategies of MNC subsidiaries creates substantial barriers to entry for indigenous firms. The role of licensing by local firms to acquire foreign technology is evaluated. Among other interesting findings many local firms (60 per cent) are found to resort to licensing, not because they lack the capabilities but because competitors did so and because it would take too long to develop the products themselves.

In one important case, the government prevented all local firms from licensing foreign disc-drive technology with the intention of forcing these firms to develop their own technology which they did successfully. However, where licensing does occur a development relationship is often established which limits the freedom of local firms. The most important constraint lies in the area of exporting where, despite government's insistence that contracts cannot contain export restriction, licensors use various reasons to restrain exports by licensees. In Tigre's sample only 6 per cent of firms using licensed technology had good export prospects compared to 55 per cent of the firms who had developed the technology themselves.

The Brazilian experience has some important policy implications for other developing countries, although the specific characteristics of the Brazilian situation must always

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## BOOK REVIEWS

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be borne in mind when assessing its specific validity for other countries. Clearly, the nature of the technology, despite being science-based and skill-intensive, does provide numerous opportunities for local firms to develop an independent technological capability to supply products to the domestic and export markets. This finding in itself is encouraging in light of more general fears that the new electronics technologies have opened wider the technological gap between developed and developing countries. However, if local markets are opened to MNCs then local firms are likely to have a much more difficult time surviving on their own. This suggests the need for some form of protection for new firms along typical infant industry lines—but one issue that Tigre's study does not address is how long such protection needs to be in place, nor whether it need be a blanket form covering all firms or be targeted towards specific firms and specific products. As far as the acquisition of foreign technology is concerned, clearly it is essential in certain areas. However the choice of supplies is crucial here. Tigre found that large centralised MNCs were very reluctant to transfer know-how and skills without equity participation. Smaller, more decentralised, suppliers were found to be the most cooperative in allowing local firms to gain access to design technology which is so crucial in the computer industry. Most important, this study shows that for countries which possess an attractive market and have a fair degree of existing skills in this field, State intervention can successfully extract a greater share of benefits from the intervention of technology market than might otherwise be the case.

KURT HOFFMAN

*University of Sussex*

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1. The first part of the document is a letter from the President of the United States to the Congress, dated January 1, 1861.

2. The second part is a report from the Secretary of the Treasury, dated January 1, 1861.

3. The third part is a report from the Secretary of the Interior, dated January 1, 1861.

4. The fourth part is a report from the Secretary of the Navy, dated January 1, 1861.

5. The fifth part is a report from the Secretary of the War, dated January 1, 1861.

6. The sixth part is a report from the Secretary of the State, dated January 1, 1861.

7. The seventh part is a report from the Secretary of the War, dated January 1, 1861.

8. The eighth part is a report from the Secretary of the Navy, dated January 1, 1861.

9. The ninth part is a report from the Secretary of the Interior, dated January 1, 1861.

10. The tenth part is a report from the Secretary of the Treasury, dated January 1, 1861.

11. The eleventh part is a report from the Secretary of the War, dated January 1, 1861.

12. The twelfth part is a report from the Secretary of the State, dated January 1, 1861.

13. The thirteenth part is a report from the Secretary of the War, dated January 1, 1861.

14. The fourteenth part is a report from the Secretary of the Navy, dated January 1, 1861.

15. The fifteenth part is a report from the Secretary of the Interior, dated January 1, 1861.

16. The sixteenth part is a report from the Secretary of the Treasury, dated January 1, 1861.

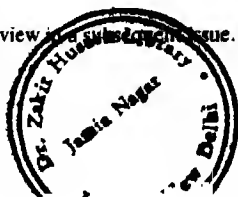
# Recent Publications



## BOOKS\*

- Abdalla, I et al: **Images of the Arab Future**. London: Frances Pinter (for United Nations University). 1983. 242pp. £16.50.
- Agarwala, P N: **The New International Economic Order: an overview**. Oxford: Pergamon. 1983. 349pp. \$35.00.
- Al-Mani', A A and Al-Shaikhly, S: **The Euro-Arab Dialogue: a study in associative diplomacy**. London: Frances Pinter. 1983. 156pp. £15.50.
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- Batley, R: **Power Through Bureaucracy: urban political analysis in Brazil**. Aldershot, England: Gower. 1983. 214pp. £15.00.
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- Collins, J, Lappe, F M and Allen, N: **What Difference Could a Revolution Make? food and farming in the new Nicaragua**. San Francisco: Institute for Food and Development Policy. 1982. 185pp. \$4.95pb.

\* The inclusion of a book in this list does not preclude a review in the next issue.



- Corbin, H: *Cyclical Time and Islamic Gnosis*. London: Kegan Paul International. 1983. 212pp. £11.95. £6.95pb.
- Dawisha, A (ed): *Islam in Foreign Policy*. Cambridge: Cambridge University Press. 1983. 191pp. £17.50.
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- Joseph, J: *Muslim-Christian Relations and Inter-Christian Rivalries in the Middle East: the case of Jacobites in an age of transition*. London: State University of New York Press. 1983. 239pp. £38.25. £12.70pb.
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- Moran, E F (ed): *The Dilemma of Amazon Development*. Boulder, Colorado: Westview. 1983. 347pp. £24.75.

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- Morrison, C E: *Threats to Security in East Asia-Pacific*. Lexington, Massachusetts: Lexington Books. 1983. 221pp. £22.50.
- Murphy, K J: *Macroproject Development in the Third World: an analysis of transitional partnerships*. Boulder, Colorado: Westview. 1983. 196pp. £17.25pb.
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- Wallerstein, I (ed): *Labour in the World Social Structure: explorations in the World-economy: vol. 2*. London: Sage. 1983. 254pp. £19.50.
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Dr. Zak  
Jam  
M. I. No.  
ESCI

*Altaf Gauhar was the first journalist to interview Amadou Mahtar M'Bow after the US announcement of its withdrawal from UNESCO. The interview took place in Paris in January 1984.*

**M'BOW:** UNESCO has endeavoured to develop an independent vision, a vision in consonance with the principles and the goals laid out in the constitution of UNESCO. Third World countries have played a very important role in this. They have consistently refused to be drawn into the controversies and conflicts of the two super-powers, and have tried, whenever an issue has arisen, to consult both sides. They have always sought to arrive at a consensus acceptable to all in order to promote and consolidate international cooperation within the organisation. I must say,

that in every issue where there has been conflict, the principle of consensus has prevailed.

Take the last session of the UNESCO General Conference. Of the 134 draft resolutions presented by the member states only two were put up for vote. One related to the budgetary ceiling and the other to the venue for the next conference. Some of the draft resolutions were dropped, others were amended in a manner acceptable to all. The Conference demonstrated the effectiveness of the principle of consensus and of its working in UNESCO. As Director-General, I have throughout maintained exactly the same attitude toward draft resolutions presented by the Americans or by the Soviet Union. If at any time the terms of a draft resolution appeared to go beyond the position reached through consensus, I recalled the draft and it was amended in accordance with the consensus. It was for this reason that the General Conference was able to complete its work two days before schedule. The working of consensus rests on the understanding that no one country or group of countries will impose its will on the rest. The Third World countries have played the role of a referee between the super-powers in UNESCO.

AG: How have the present difficulties arisen?

M'BOW: I do not wish to pass judgement on any member state. The problem is extremely complex. I do not yet have all the elements to form an opinion.

AG: How has the principle of consensus been so firmly established in UNESCO when it has not worked in UNCTAD or ILO or FAO?

M'BOW: UNESCO is the only organisation in the UN system which set up a permanent mechanism of consultation within the organisation of the General Conference. The mechanism was not set up in response to any specific issue. Even before I was elected Director-General in 1974, I had witnessed unprecedented tensions in many meetings. The day I assumed office I said I would do all that I could to help resolve the tensions and try to work toward the evolution of solutions that should be acceptable to all. I also said that I would take the initiative personally to settle differences unless the General Conference asked me to refrain from doing so.

After that I looked for ways and means to set up a mechanism

to implement this. I suggested the setting up of a drafting and negotiating group. This was approved by the General Conference in Nairobi in 1976. It was this mechanism which helped us to solve the very difficult question of information and communications. A draft declaration on the media was prepared by a group of communication experts nominated by member states. Some of the members felt that a few articles in the draft declaration were in flagrant violation of the principles of press freedom. When the drafting and negotiating group consulted me, I expressed the view that the impugned articles could be in violation of the UNESCO Constitution. It was decided not to adopt the draft declaration and I was authorised to consult with member states and propose another text. I proposed a text which was discussed at great length in 1978 here in Paris. The drafting and negotiating group discussed this text in its meeting and could not come to an agreement. When I saw this I stepped in again. This was part of the process of consensus building. I took up direct discussions with different groups of delegates helped by one of my advisers and I was able to come up with a revised text in which we were able to take into account different points of view and resolve the contradictions which had emerged during the negotiations. My position was that if members were agreed on formally adopting a text by consensus in an open meeting I, on my part, would do whatever was possible through private discussions with individual members to provide an agreed text. I met with each set of members and a compromise text was produced. I obtained a commitment from the members that they would support it when it was put up for discussion. The result was that the text was adopted by acclamation. The entire hall stood up and applauded. It was one of the most moving moments of my life. All this is to illustrate how we have always strived to work in the spirit of consensus in all our negotiations in UNESCO either through the drafting and negotiating group and if the group reached an impasse then I negotiate directly with different groups.

The principle of consensus does, however, presuppose that everyone enjoys equal dignity and there is a will to reach an agreement through dialogue. For me there can be no consensus if there is the slightest violation of the principles contained in the UNESCO Constitution.

- AG: Director-General, you know that your critics attack you on the ground that the UNESCO declaration on information has enabled governments to exercise control over the media.
- M'BOW: Those who say that UNESCO wishes to place the media under government control have never come up with any hard evidence. Nor have those who say that UNESCO wishes to suppress information and to license journalists. There is not a shred of evidence to support these allegations in anything that UNESCO says or does. UNESCO has demonstrated the extent of the imbalance in the flow of information throughout the world. I believe that for freedom to be truly meaningful and valid, we must all be in a position to make known our vision of the world and our own understanding of the world. I must add right away that this is applicable not only to the flow of ideas between nations, it is equally true of what happens within nations.
- AG: The process of consensus has now been challenged. When did you first see the signs of the weakening of the process?
- M'BOW: No one has so far openly challenged the system of consensus, but in 1982 certain problems began to surface. From then on the problems have been growing.
- AG: What happened in 1982?
- M'BOW: It was during the Conference on Cultural Policies held in Mexico in July 1982 and also during the Extraordinary Session of the General Conference. It was there that we saw the first signs that certain member states were getting a little uncomfortable with the principle of consensus. But, as I said, no one openly challenged the system.
- AG: What were the issues on which the principle came under pressure?
- M'BOW: I don't think there was one particular issue. Perhaps those who were originally most enthusiastic about consensus, like some of the West European members, became a little lukewarm. The problem was not so much with the permanent delegates but with the delegates who were sent out by their governments.
- AG: Was there any reason why the attitude of some of the West Europeans changed?
- M'BOW: I can only hazard a guess. Perhaps they came under the influence of those who preferred to create a confrontational situation. Those who were originally strongly in favour of the

principle of consensus began to succumb to those who preferred to have a confrontation.

AG: If there were no specific issues was it due to a conflict of personalities?

M'BOW: I believe it was a question of climate, more than anything else, the atmospherics of debate.

AG: You say that no one has openly challenged the principle of consensus. With respect, the US notice of withdrawal could be seen as a challenge to the principle of consensus. The Americans are seeking ways to 'preserve' the minority view in UNESCO. This goes far beyond the right of expression.

M'BOW: The principle of consensus is entirely opposed to any form of veto. It is only when the majority point of view draws closer to the minority point of view through discussion and negotiation, and solutions are worked out which are naturally in tune with the majority opinion, but they also take into account the minority position, that consensus is gradually evolved. The search for consensus is a moral and ethical attitude. It is also a political attitude, but, first and foremost, it is moral. To me the problem is quite clear. We must continue to strive for international cooperation through discussion and mutual understanding. This presupposes that every point of view must be fully expressed and discussed so that one can pave the way for international cooperation. I find it very strange that those who are foremost in the defence of free speech, of free flow of information, and of other exchanges, should be the ones to oppose free expression within the framework of the United Nations. This is a case of double standards.

AG: UNESCO's critics say that it is all very well to talk about consensus building when, in fact, a number of Third World countries are manipulated by the Soviet bloc.

M'BOW: I believe the Third World has played an important role in UNESCO. I think they can't be manipulated here. It may have been attempted in the past but ever since I became Director-General in 1974 I have seen no evidence of it.

AG: It surprises me because such manipulation is quite common in other UN agencies.

M'BOW: Here countries operate within regional groups which helps them to overcome individual weaknesses.



AG: Do you feel that you are under attack because you mobilise these groups?

M'BOW: I must tell you a little anecdote. When I first suggested that there should be greater discussion and consultation between groups, the Europeans said they had no group. Now the Europeans function very much as a group. We have tried to establish a tradition that when a member state comes up with a draft resolution, the Director-General offers his comments on the draft. These comments ensure that the draft conforms to UNESCO principles. There is another special feature: the Director-General or his representative is required to be present in all the subsidiary bodies of the General Conference and of the Executive Board. They can intervene at any time to provide a clarification on any point under discussion. It is only after the Director-General has provided all the information and clarifications and explained the consequences of adopting a resolution that decisions are taken. Naturally, it all depends on the extent of the confidence that member states repose in the Director-General. Before they take any decisions they do consult with the DG or with his representative. That is why the critics say that the DG of UNESCO is more powerful than the Secretary-General of the United Nations. I don't think this is true. These rules were adopted when Mr Julian Huxley was the DG of the organisation. I believe this is what makes UNESCO different from other UN bodies.

AG: Has the US attitude toward UNESCO changed suddenly or did you see it coming?

M'BOW: I really do not have a definite reply to that. I can give you an indication of what I think. You must take into account the attitude of the US National Commission for UNESCO, which believes that the US ought not to leave UNESCO. The statement made by the head of the US delegation here at the last session of the General Conference acknowledged that there was no reason for the US to leave UNESCO. But if you were to ask me how despite all this the decision to give the notice to quit was taken, I must confess I really don't know.

AG: Did the notice come to you as a great surprise?

M'BOW: I must confess that the decision did surprise me.

AG: Is there a chance that the Americans might change their minds by the end of the year?

M'BOW: I can only hope that they will stay with UNESCO. But, whatever their decision, UNESCO must continue fulfilling its mission.

AG: If the US leaves you will be short of US\$50 million. Are member states likely to make up this short-fall?

M'BOW: I know that certain Third World countries are in the process of discussing this matter. Not all of them but some of them are certainly thinking about it. The Chinese have come to see me.

AG: Some newspapers suggest that you will resign in six months. Is that true?

M'BOW: I will certainly not resign. I am going to fulfil my mandate which runs until 1987. It depends entirely on member states and not on newspapers.

AG: Would you resign if member states did not support you fully in resisting the challenge to the principle of consensus that the US notice constitutes?

M'BOW: If an international organisation cannot uphold the line of action it has chosen, I will not, in all conscience, be in a position to lead the organisation. It is for the member states to assume their responsibility. I must be absolutely free as I have always been. I told a group of countries which came to meet me, I will fulfil my responsibilities, you fulfil yours. The day when you choose another path which cuts across the path of international cooperation you should also choose another Director-General.

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## César Virata

*César Virata is Prime Minister of the Republic of the Philippines. He is also head of the Cabinet and Chairman of the Executive Committee as well as Minister of Finance, a position he has held since 1970.*

*As Finance Minister, Virata is ex-officio member of many economic boards and corporations of the Government and represents the Philippines in the Boards of Governors of international development and monetary institutions. He was Chairman of the Development Committee of the World Bank and International Monetary Fund from 1976 to 1980 and thereafter Chairman of the Group of 24, the grouping of Finance Ministers of developing countries. He is Chairman of the Land Bank of the Philippines, Philippine Export and Foreign Loan Guarantee Corporation, Philippine Crop Insurance Corporation and Export Credit Corporation.*

*César Virata was born on 12 December 1930. He graduated cum laude from the University of the Philippines in 1952 with a Bachelor of Science in Mechanical Engineering as well as in Business Administration. He went on to an MBA at the University of Pennsylvania in 1953 and started a teaching career at the College of Business Administration and Graduate School of the University of the Philippines, later to become Dean of the College of Business Administration (1961-9). Before becoming Minister of Finance, Virata was Undersecretary of Industry (1967-9), Chairman of the Board of Investments (1967-70); and Deputy Director-General for Investment of the Presidential Economic Staff (1967-8). He was Acting Chairman of the Philippine National Bank (1967-9) and Presiding Officer of the Central Bank Monetary Board, and was also a member of the Legislative Council from 1976 to 1977 before being appointed a member of the Batasang Pambansa, or National Assembly in 1978. He was elected Prime Minister by the Batasang Pambansa on 28 July 1981.*

*Altuf Gauhar interviewed César Virata in Manila in December 1983.*

AG: Prime Minister, the Philippines has the unique distinction of being the first country in Asia to have declared a moratorium on debt. Before talking about the Philippines debt problem, could I ask your views on the problem of Third World indebtedness generally?

**VIRATA:** The problem of external indebtedness has arisen largely from the desires and plans of the developing countries to move ahead. Since the developing countries need to inject resources into their economy and domestic savings are not enough to boost investment, there is really no alternative to borrowing resources from the capital surplus countries. The more recent phenomenon of the growing debt burden occurred right after the oil price increase in 1973 and 1974. The price of energy increased, so did the rate of inflation. There was a rapid accumulation of petrodollars which were deposited in the established financial institutions which then recycled these funds to finance trade and development. The financial community is a creative community, and many other instruments and markets were developed to utilise these funds. Unfortunately, there was a repetition of the 1973-4 cycle in 1979-80 and that affected a large number of developing countries. The initial thrust of the rising cost of energy was followed by recession and inflation in the developed countries and there were many instances where the national parliaments were unable to control their budgets. Monetary policies were adopted which pushed up interest rates. The developing countries were confronted with a situation where they had to accept low prices for their exports and pay a high price for their imports. In the developed countries, recession was accompanied by unemployment and a range of protectionist measures was adopted to the detriment of the developing countries. All this had a cumulative impact on the developing countries, and once the bigger ones with a heavier debt burden ran into difficulties the banking system started losing confidence. The result was that the credit lines for trade and financing were withdrawn and one by one the developing countries suffered this wave of withdrawal of financial facilities. It has now reached our shores.

**AG:** You see the roots of the problem in 1974 when the banking system, flush with petrodollars, became an eager lender of funds to the developing countries. Do you think that Third World countries utilised these borrowed funds on projects which they knew to be unproductive? That they borrowed indiscriminately, and used what they borrowed recklessly? There were countries, India, for example, which followed a

deliberate policy of borrowing with great care, whereas Brazil, Argentina and Chile borrowed with abandon never thinking about the repayment problem.

**VIRATA:** Well, the situations are very different. In the case of Latin America, you have countries which had relatively high incomes and were not eligible for finance on concessional terms like India, Pakistan, Bangladesh, or Sri Lanka. In Latin America, you had open companies with very large trade and requirements of financing. It is probably true that things got out of control in a number of instances because of the relative ease of obtaining finance from the commercial market. In the case of India, they concentrated on obtaining funds from the International Development Association and the World Bank, which I suppose was very appropriate. In fact, it has been demonstrated that you cannot use commercial financing for development.

**AG:** Did you see this in 1974-5?

**VIRATA:** Well, in our case, we imposed a debt service limit under a statute passed in 1970. That was about the time I took up my position as Secretary of Finance. Secondly, we had an investment law to control the entry into specific areas of what were called national capacity. The law regulated entry into certain industries to avoid overinvestment. But we had a relatively large and active private sector and people were carried away by investment prospects. We were quite liberal in guaranteeing loans, so that investors could go on with their projects on the basis of commercial loans. We found out later that their motives were not as pure as we would have liked. In other words, some of the companies really wanted to make money out of purchases of equipment rather than by operating it. This has been one of the major faults in our system.

**AG:** How long did it take you to discover that the debt-service limits were being exceeded?

**VIRATA:** Our debt-service ratios have not been exceeded. The main reason why we are in this difficult situation is that normal financing was withdrawn in late 1982, when the Mexican and Brazilian defaults occurred. Many of our credit lines were cut and others were shortened. A one-year line was reduced to six months then three months, then one month.

**AG:** Would you say that this withdrawal and shortening of credit

lines was the major reason for the financial crisis which the Philippines faces today?

**VIRATA:** All our short-term debts were supposed to mature in the last quarter of 1983. What we used to be able to roll over at one time all became due within the fourth quarter of this year and this we could not handle any more.

**AG:** But, the dates of your loans which all got bunched for repayment in the last quarter of 1983 were known to you. Those dates were not the result of any shortening of credit lines. You must have known the debts you were accumulating, and also that if you were denied additional loans you would be faced with the possibility of default?

**VIRATA:** We have to distinguish between the medium- and the long-term loans which have been used largely for acquiring equipment and building projects. As far as government borrowing is concerned, our average term is about fourteen-and-a-half years with about seven per cent interest. The private sector debt—which is commercial—has an average maturity of twelve years. But there is a certain portion of private sector debt which is short-term on an average interest rate of ten to eleven per cent. Together with the loans used for the purchasing of equipment, you have also short-term loans used for trade and other types of financing, and this was the portion that shortened and became very difficult to roll over, affecting the whole range of external debt.

**AG:** How do you see the Philippines getting out of this situation?

**VIRATA:** I think the financial sector is realising that you cannot keep on using money lent on purely commercial terms for development and that their individual behaviour in withdrawing the credit lines or getting out of the system would not really help the process of building up relationships. The entire universe of bankers and debt is now under negotiation. Previously, you would negotiate with an individual institution for a specific project; now the debt problem has to be negotiated on a global scale. I think that more time should be devoted to recovery measures, so that the markets can expand and relative price improve. I hope, too, that protectionist measures will be demolished. Unless we are given the markets, there is no way we can pay our debt. The debt was incurred on the premise that we would be able to export. Another adjustment we wi

probably have to make is to be less ambitious in terms of progress.

AG: Is the universe of creditors developing a better and a long-term perception of the problem?

VIRATA: I think that is what is happening now. It is being realised that not everybody can be driven to the market. The market might be a wonderful thing but it is not appropriate for the kind of long-term growth that the developing countries need. You need the steadfastness of a development institution which should be able to see the future and to invest in the basic development of a country. The commercial banks are also acquiring a better realisation of the longer-term requirements of the developing countries.

AG: Do you think indebted countries can get together and adopt a uniform approach—a debt strategy—regarding the repayment of loans?

VIRATA: Well, all the countries are differently situated and it would be impossible to find the lowest common denominator among them. We have experienced bloc bargaining in UNCTAD, and have seen that it is very difficult to achieve even a marginal improvement under bloc bargaining. You always try to find the lowest common denominator among the members' bloc and you end up by countering the most radical approach of one member by the most conservative response of another. The gap actually widens in bloc dealings. It is a lot better to handle the problem on a country-to-country basis. Even that is very difficult, as we have seen, because some of the adjustment measures are very difficult to implement, such as credit restrictions, or attempts to dismantle wage indexation in countries that have a very high rate of inflation. Asia, of course, is outside that league. Inflation rates in Asia have been very moderate.

AG: You mention that bloc bargaining in UNCTAD has not produced any results. The North-South dialogue itself has proved a non-starter. Where do you think the South went wrong? How do you see the dialogue in retrospect?

VIRATA: Our failure has been our inability to concentrate on a few items. In the last UNCTAD, there was a desire in the beginning to concentrate on recovery measures to start the ball rolling again. But in a large gathering of sovereign nations no one wants to be

left out and somehow the agenda spread itself over the whole range of items that we have been discussing for many years now. Once you are given an array of items to negotiate then everything gets interconnected. Nobody wants to give in and the whole process becomes very slow and cumbersome. It is easy for the blocs to blame each other. The developed countries in the last UNCTAD really had very little leeway and, I suppose, politically and domestically they were not in a position to make many concessions. And even among themselves they found it very difficult to have a common policy, as the recent EEC meeting has shown. So, I do not know whether multilateral negotiations will now become a secondary approach. We might see the resurgence of bilateral negotiations to solve the more urgent problems. I have another concern and that is that multilateral trade is now being controlled too much by financing. The banks are so tight now that they don't give you unconditional financial facilities leaving you free to buy from any place. Right now the export credit dominates the system, so you have bilateral trade and bilateral financing which is reducing total world efficiency.

AG: If the era of multilateral negotiations has come to an end do you see any prospects for multilateral cooperation among the developing countries themselves, in the South-South approach in the field of trade and investment?

VIRATA: We can do a number of things under South-South. I am sure we can improve on a number of elements, like the development of agricultural technologies and things like that. I think we can help a lot in the way of institution building which the African countries need so badly. But to say that our trade problems can be solved by South-South trading is unrealistic. South-South trade is probably around 12 per cent of world trade. Two-thirds of our exports go to the developed countries, so we cannot really hope to get a major boost through South-South trade. We might be able to get a 15 per cent to 20 per cent improvement, but beyond that we have to rely on our dealings with the industrialised countries.

AG: Is there a possibility of the commercial banks of the Third World getting together to promote South-South trade?

VIRATA: I would say that they could probably improve correspondent relationships as a basic step. Also, it is important that the



Middle East banks should improve their connections with the other developing countries. They are new in the field and their reaction to the present crisis shows that they still cannot handle the situation. They have been the basic source of surplus capital and if they cannot handle situations of crisis like the present one, it will be very difficult for them to undertake any multilateral effort. They have not developed any effective common financial strategy. Even the OPEC Fund has been difficult to manage. Look at the Common Fund, which is stillborn. In ASEAN we talk to each other at the ministerial level twice a year but we have not really developed any major institution. We have a small financing company and a few projects but it is a very slow process. So, you can imagine what would happen if we took up a multilateral project on a larger scale.

AG: This leaves the South with really no initiative except to curtail its growth objectives and programmes and wait for something to turn up.

VIRATA: There is something that *can* be done: resources *could* be diverted from armaments to development. The present level of arms expenditure is in the region of \$600 to \$700 billion a year. A contribution of \$30 billion dollars a year for development assistance could make all the difference.

AG: But is that a realistic option? Would the arms merchants and manufacturers allow such a diversion of resources?

VIRATA: It is a very difficult problem. Within the South there are tensions and strains. There is a heightening of ethnic feelings. People identify themselves more with groups than with nations, or with a family of nations. So, I do not know how we can catalyse again into another Marshall Plan or something like that.

AG: Prime Minister, how do you see the future course of political events in the Philippines? One sees the beginning of the process of civilisation. Will you be able to ensure a smooth transition to democratic rule?

VIRATA: In the course of Philippine political development we started with complete political unity on the question of independence. It was a very small fraction of the population that wanted to become a State of the United States Union. I am referring to the period when we were under American occupation. We had a

very big Filipino political party that worked for the Philippine independence. After independence, this party split into various groups. There were many leaders, and they all wanted to be president. So it was natural for martial law to appear. Now that martial law has been lifted, the opposition, which still consists of a number of parties, cannot get together! The leftists won't allow the rightists to dictate the political programme, or select a single leader. In the meantime you have this large party in power. It seems to me that we must go through elective processes several times until a viable party system is established. There will be natural conflicts within the ruling party and those conflicts will provide the basic opposition to the present party.

AG: Do you think this process will begin in May 1984 when you propose to have parliamentary elections?

VIRATA: The fall-out process began with our first election in 1978. Again in 1980, when we elected the governors and the mayors, new party affiliations began to develop. During the presidential election in 1981 the fall-out was not so great, because President Marcos was so strong that nobody wanted to leave him. In 1982 we had the village-level elections. But those were considered to be non-political because we did not want to transmit the intensity of political elections to the village level which would have resulted in conflicts. Whoever is the natural leader should get elected in the village. Now when he comes to the elections in 1984 I am sure there will be those who will not be selected as candidates and there will be considerable fall-out.

AG: Do you think between now and May 1984 the major party might lose considerable support? Already within the party there are a number of experienced members who are critical of the leadership.

VIRATA: The 1984 elections will be on the basis of provinces, not regions. There is much greater identification between persons and provinces. So the party will be facing a completely different political situation.

AG: Do you feel that between now and May 1984 the situation will remain stable enough for you to go ahead with the elections? Is there a chance that growing economic difficulties and other problems might encourage the army to intervene?

VIRATA: No, I think we will make it to May 1984. By February 1984, a



number of financial facilities will be in place, so there will be stability and normalisation. As far as internal requirements are concerned, January 1984 is the start of our public works period so there will be greater economic activity. We don't really lack food, which is the most crucial stabilising factor, even in a developed country. Once there is a food shortage the situation becomes impossible, as happened in Poland.

- AG: There is always the risk that where the military has enjoyed a position of great power and has benefited a great deal from that position it does not willingly relinquish that position. How is your army structured? Do you think it would accept even a small reduction in the defence budget or the loss of highly prominent positions?
- VIRATA: To me, what is important is the preservation of the normal retirement system. Now we have a group of officers who came to exercise more authority in the martial law regime than they would have had under normal conditions. As these senior officers retire, and as our own political movement grows, the relationship will normalise.
- AG: Senator Aquino was seen by the people here as the one political leader who could have united the opposition. His tragic assassination eliminated the most likely political alternative to the present regime. Do you think those responsible for Aquino's assassination would agree to be dislodged from their position through elections? They may pre-empt the elections.
- VIRATA: I don't think they can do that.
- AG: Do you feel it would be better to have the presidential elections much sooner than 1987 in order to eliminate the present uncertainty?
- VIRATA: Well, we have a constitutional problem in that the elected term cannot be abridged. Under a parliamentary system you can call for a vote of 'no confidence' and if the motion is carried the Prime Minister resigns and you have a general election. Our situation is similar to that of France; even though President Mitterrand might become unpopular because of his policies, he would still have to serve out his term.
- AG: That makes the May 1984 elections absolutely crucial. And much will depend on who becomes the Speaker of the parliament, because the Speaker, under the constitutional

amendment that we are now discussing, would become Acting President in the absence of the President.

VIRATA: Yes, but even under the present constitution the Speaker has a chance to become Acting President. Under the present system, in the absence of the executive committee, the Speaker is in line to become Acting President, but only as a caretaker. We have adopted the parliamentary concept that the successor must be somebody who has been elected.

AG: Why have you changed the arrangements about the executive committee, under which the Prime Minister would have taken over as Acting President?

VIRATA: The committee was too large and there could be a power struggle. There was no clear-cut responsibility vested in a single person.

AG: But the Prime Minister would have taken over and the committee would have accepted his authority?

VIRATA: No. The Prime Minister was only the head of the executive committee and he had to abide by the decision of the executive committee.

AG: Does the proposed amendment to the constitution offer a better arrangement?

VIRATA: It seems to be more suitable and people seem to like it.

AG: How do you see the mood of your people at this point?

VIRATA: Right now they have a feeling that they can voice their opinions in a much better way than before. So that is why you have all this expression of criticism and concern.

AG: You are happier with this?

VIRATA: Yes, I think so. We really must have a more open type of public administration. The martial law years have passed and we have to get used to the new situation.

# **SURVEY**

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## Benigno Aquino: between dictatorship and revolution in the Philippines\*

It is one of those surprising ironies of history that Benigno Aquino, the slain Philippine opposition leader, is accomplishing in death what he could never do when he was alive: bringing down the Marcos dictatorship. Perhaps the individual most surprised—and envenomed—by the dramatic turn of events is Ferdinand Marcos himself, whom most Filipinos now regard as the mastermind behind the incredible execution on the tarmac of the Manila International Airport on 21 August 1983.

It is not difficult to image how bitter it must be for the ailing dictator—whose concern about his 'place in history' is well known—to spend his last days with the realisation that his longstanding rival has passed into history as a hero while he is about to enter it as a villain. Costa-Gavras the renowned political film maker could not ask for a more exquisite plot: two master politicians who personify in their personal rivalry, political struggle, and final deadly confrontation the social contradictions and historical options of a Third World country. It is also a story which is laden with the dramatic irony which characterises the best of classical tragedy: the murder immortalises the murdered and destroys the murderer.

Like Marcos, the 50-year-old Aquino was a complex, contradictory figure who was in flesh-and-blood quite different from the devotee of Gandhian non-violence into which some sectors of the Philippine opposition are now converting him for their own political ends. But of one thing there is no dispute: Aquino was a profoundly courageous man. It was this streak of stubborn courage that earned him a death sentence in 1977, after five years of imprisonment had failed to extract from him a pledge of allegiance to Marcos. And it was this courage, wedded to a driving ambition and a deep concern for the strategic interests of his class, that propelled Aquino toward his appointment with history that dog-day afternoon of 21 August.

\* All quotations from Aquino which are not footnoted are from private conversations and interviews with the author which took place between January 1981 and July 1983. Quotations from confidential discussions of US agencies after the Aquino assassination were provided by participants and consultants who requested anonymity.

### **The Making of a Ruling-Class Politician**

'Ninoy' Aquino was first and foremost a ruling-class politician, and his brief but meteoric career provides a striking example of the complex ways in which individual ambition, class interest, and the imperative of popular legitimacy intersect in a particular kind of Third World politician: the bourgeois democrat.

Born to a wealthy and powerful landlord family with a history of involvement in national politics, Ninoy quickly learned to master the rules of ruling-class politics which governed the parliamentary republic from 1946 to 1972. He was elected town mayor at 22, became governor of his province, Tarlac, at 28, and, at 35, earned the distinction of being the youngest person ever to win election to the Philippine Senate.

The system that Aquino mastered was a formal electoral system which was superimposed by American colonial officials on the competition for power among land-based and mercantile elites. These elites fought for political office by mobilising the lower classes through kinship and patronage in a society where political organisation along class lines was still embryonic. Combining the traditional feudal paternalism of the Philippine elite with the worst features of American ward politics, 'democratic representation' in the neo-colonial republic was the art of protecting narrow class interests and engaging in a form of institutionalised looting. The classic expression of the essence of patronage democracy was provided by a former president of the Philippine Senate in a warning to a Philippine president: 'If you cannot permit abuses, you must at least tolerate them. What are we in power for? We are not hypocrites. Why should we pretend we are saints when in reality we are not.'<sup>1</sup>

It was exceptional tactical skill in making and accumulating the 'correct' elite alliances, combined with a populist charisma and the purposely vague rhetoric of 'anti-corruption', 'reform', and 'social justice', that enabled Ninoy to rise rapidly from being a regional politician with an inherited power-base to being the Secretary-General of the opposition Liberal Party by 1969. From this position, Aquino began his quest for the presidency, which he hoped to gain by 1973, when Ferdinand Marcos' second term would have come to an end. It was Aquino's misfortune, however, to have to compete against Marcos, whose Machiavellian ability to operate in the labyrinthine world of elite politics was even more formidable than his.

<sup>1</sup> Quoted in Steve Shalom, 'Counterinsurgency in the Philippines', *Journal of Contemporary Asia* 7(2) 1977.

Aquino's career was determined not only by his mastery of the rules of local politics but of the international ones as well. Success in national politics in the neo-colonial republic was greatly dependent on winning the goodwill of the Americans, whose political, military, and economic presence pervaded their former colony. Ninoy was, at an early age, at ease with the Americans. He received his *early* formal schooling at the hands of the American Jesuits who ran the Ateneo de Manila College, the prime training ground for the children of the powerful and the rich. Once out of school, he became one of the 'Magsaysay Boys', some of the 'best and the brightest' Ateneo graduates who surrounded President Ramon Magsaysay. The latter was a provincial politician whose emergence as a national reformist and populist figure was engineered by the 'legendary' Central Intelligence Agency operative, Colonel Edward Lansdale, during the campaign to defeat the Communist-led 'Huk' Uprising in the early 1950s. Ninoy quickly drew attention to himself as one of the most intrepid of the lot when he successfully negotiated the surrender of the Huk 'Supremo', Luis Taruc, in 1954.<sup>2</sup>

That feat started a long working relationship with the agency which Aquino made no special effort to hide. In one of his most candid interviews, Aquino even called attention to his CIA connection with some pride: 'I've worked with the CIA on many operations—they know I can be very stubborn . . . I was assistant to three Filipino presidents. And once upon a time I headed our own equivalent of the CIA. We had joint operations in Indonesia, we had joint operations in Laos, we were in Cambodia'.<sup>3</sup>

Thus, by the time he had positioned himself for his advance to the presidency, Ninoy was reasonably certain that he was someone Washington—the ultimate arbiter in Philippine presidential politics—could live with, if not support.

### **Aquino and the Crisis of the Republic**

But by the time the presidency was within his reach, the political system he had mastered was on its last legs. It was a system which could only work if certain conditions existed. One necessary ingredient was a reasonable degree of adherence to the unwritten rule of parliamentary

<sup>2</sup> For a CIA account of the exploits of Lansdale and the Magsaysay Boys, see Lansdale's autobiography, *In the Midst of Wars*, New York: Harper and Row, 1972. Descriptions of CIA interference in Philippine parliamentary politics after Lansdale are provided by ex-agent Joseph Burkholder Smith in his *Portrait of a Cold Warrior*, New York: Ballantine Books, 1976.

<sup>3</sup> 'The Philippines: the more things change, the more they remain the same, an interview with Benigno Aquino', *Multinational Monitor*, February 1981, p 17.



politics Philippine-style: that opposing factions of the elite would alternate in power and have their chance to gather and distribute the spoils conferred by political office. In the late 1960s, the rule increasingly became the exception. At the local, regional, and national levels, there was a trend toward the formation of political dynasties which could not let go of the tremendous power that came with elected office and the riches it unlocked. Such a hold could only be secured—or broken by opposing elites—by building up private armies that intimidated voters and stole elections. As elections got bloodier, they also became less legitimate, throwing the system more and more off kilter.

However, it was not until the presidential elections of November 1969 that the elite consensus on the rules of the parliamentary game irretrievably broke down. That year, Marcos achieved what had until now been impossible in the first twenty-three years of the republic: election to a second term in office. It was a feat that Marcos accomplished by developing alongside the network of political alliances which served as the traditional route to national power another political force: the Philippine Army. By manipulating his traditionally close ties to the officer corps as the Philippines 'most decorated World War II veteran', utilising the promotions system to place his most loyal followers in strategic positions, and providing the army with the biggest slice of the government budget, Marcos was able to create an instrument of personal control which dwarfed the combined private armies of his opponents and allies.

Despite their periodic warnings about 'the approaching dictatorship', most of the opposition elite continued to practise politics in the same old way. The bombing of the leadership of the opposition Liberal Party during a political rally in August 1971 and Marcos' suspension of the writ of *habeas corpus* following it shook the opposition but what fears they had were banished by the confidence that the US would not allow the 'democratic transplant' it had engineered to be destroyed. Aquino warned of a military-backed presidential coup codenamed 'Operation Sagittarius' at the same time that he ebulliently predicted, 'I will be president in 1973'.

Marcos' imposition of martial law on 22 September 1972, was the *coup de grâce* to a dying system of elite control. Yet the larger meaning of this historic shift in the system of class rule escaped the opposition elite who interpreted it as an aberration which stemmed solely from dark personal ambition. The declaration of martial law is, in fact, an extremely interesting example of the way historical necessity works

itself through the driving personal ambition of men who also sense that their actions coincide with a larger imperative. The advent of the Marcos dictatorship was fundamentally a class response to the emergence of a mortal threat to the system of neocolonial domination. It was essentially the 'centralised redeployment' of the formerly relatively dispersed power of the ruling class against the escalating social discontent of the Filipino masses which marked the late 1960s and early 1970s.

With the defeat of the peasant-based Communist uprising by the CIA-sponsored Magsaysay government in the early 1950s, mass discontent guided by radical politics was rendered quiescent for more than a decade as Philippine-style McCarthyism blanketed the country. By the mid-1960s, however, the irrepressible contradictions of a society with the worst social inequalities in Southeast Asia cracked the McCarthyist superstructure, and by the beginning of the 1970s, the country was being wracked by peasant marches demanding land reform, militant workers' strikes, and massive student demonstrations demanding basic reforms, an end to American business privileges, and withdrawal of the US military bases from the country.

Constitutionally guaranteed formal rights were, in short, being invoked by mass movements to push anti-elite and anti-US demands. And with class and nationalist consciousness spreading, the capacity of the elite democratic system to coopt, fragment, and defuse mass demands through patronage politics began to erode swiftly. The mass ferment forced the convocation of a Constitutional Convention in 1970 to which many popular representatives were elected to frame a constitution based on advancing social equality and regaining Filipino control of the national economy. When mass pressure forced the Supreme Court to issue a series of significant judgments ending a number of US business privileges in 1972, it became clear that, like Frankenstein's creature, the formal democratic system was slipping from the control of the interests it had originally been designed to serve.

Marcos fully understood the profound challenge to elite domination represented by the burgeoning movement on the streets, and he cleverly united the apprehensions of the class in command to his personal drive to harness absolute power. And he correctly calculated as well that the United States would not stand in the way. Indeed, it was the US which provided Marcos with the wherewithal to consolidate his new authoritarian order by increasing military aid by over 100 per cent in the first years of martial law. Not burdened with the niceties of state

diplomacy, relieved US business interests explicitly articulated in a telegram to Marcos the policy which the Nixon administration followed in practice:

The American Chamber of Commerce wishes you every success in your endeavor to restore peace and order, business confidence, economic growth, and well-being of the Filipino people and nation. We assure you of our confidence and cooperation in achieving these objectives. We are communicating the feelings of our associates and affiliates in the United States.<sup>4</sup>

It was a betrayal that stunned Aquino and other members of the opposition elite, who had taken it as an article of faith that the United States would not allow the formal democratic system it had sponsored to be destroyed. But just as they had underestimated the gravity of the internal strains on the system, so did they fail to notice the extent to which the United States had become disillusioned with 'elite democracy' as a method of neocolonial control.

In the context of the ideological war between East and West during the immediate post-war period, formal constitutional systems based on the stable social hegemony of landlord-*comprador* elites had been the preferred form of neocolonial domination. The Philippine political system provided a model which the Americans sought to reproduce elsewhere in the Third World at a time that they were dismantling the old colonial empires of the British and the French. One of the nations Washington targetted was Vietnam, to which it assigned Ramon Magsaysay's mentor, Colonel Lansdale, and his Filipino subordinates to try to forge a Philippine-style democracy in the mid-1950s.

The CIA-inspired assassination of their own man, Ngo Dinh Diem, and his replacement with a military clique in 1963, was a confession that elite democratic systems could not stabilise East Asian countries characterised by higher levels of class and nationalist consciousness and political organisation than existed in post-war Philippines. In the meantime, the effort by the Kennedy administration to counter the shock waves from the Cuban Revolution by opening up the traditional oligarchical democracies of Latin America to the participation of middle-class political elites like the Christian Democrats in Chile merely provided the left with unprecedented opportunities for organising in the electoral arena. US support for the military coup which ousted the populist Goulart government in Brazil in 1964 and its direct intervention in the Dominican Republic to prevent the popularly-

<sup>4</sup> Quoted in Sam Bayani, 'What's Happening in the Philippines?', *Far Eastern Reporter*, November 1976, p 26.

elected Juan Bosch from coming to power in 1965 signified the same American disillusion with the stabilising effects of formal democratic systems. Then the nightmare became reality: the system allowed the ascent to power of a pro-socialist government in Chile in 1970. The US then decisively put itself behind, if not directly instigated, the dismantling of those governments which its ideologues had praised as models for the Third World in the 1950s: the Philippines ('the showcase of Asian democracy') in 1972; Chile ('the England of South America') in 1973; and Uruguay ('the Switzerland of the Third World') in 1974.

The regime which emerged in Brazil in the mid-1960s provided the prototype for the new form of elite, neocolonial control which the Americans were feverishly searching for in response to situations of acute class conflict: a military-technocrat political leadership which depoliticised the lower classes through large-scale repression and tried to forge a social consensus among the middle class, agrarian and industrial elites, and foreign capital through a programme of economic growth via 'export-oriented industrialisation'.

But Aquino and other bourgeois democrats in the Third World could hardly be faulted for their miscalculation of US intentions, since the foreign policy establishment continued to legitimise the US imperial presence through the obsolete ideology of missionary democracy. A pioneering attempt to doctrinally justify the new authoritarian order, however, was provided in 1968 by Samuel Huntington's *Political Order in Changing Societies*, which became a handbook for a new generation of State Department officials. In the 'chaotic' Third World, argued the Harvard professor, the building of strong centralised authority must necessarily precede the question of democratic representation. This was the first step in a process of theoretical justification of the merits of authoritarianism which would culminate over a decade later in the 'Kirkpatrick Doctrine'.

### **Aquino and the New Order**

Huntington was snapped up eagerly not only by State Department officials but also by Marcos propagandists in search of an ideology. Huntington's 'Order First, Representation Later' was translated into 'Constitutional Authoritarianism' in the Philippine setting.<sup>5</sup> Strong

<sup>5</sup> Huntington was popularised in the Philippines by Marcos' Minister of Education, Onofre Corpuz, who wrote the influential *Liberty and Government in the New Society*, Manila: 1973. See also Ferdinand Marcos, *The Third World Alternative*, Manila: Ministry of Public Information, 1980.

authority and the loss of traditional democratic rights, added Marcos' ideologues, were a precondition for a strong unobstructed effort in national economic development along export-oriented lines.

The debate between 'authoritarian development' and 'democratic restoration' became the poles of what little above-ground political debate was allowed by the martial law regime in its first few years. The situation brought out the best in the ruling-class tradition in the imprisoned Aquino, who steadfastly refused to conciliate Marcos, and when the dictator got rough, defied the death sentence for 'murder' and 'subversion' decreed by a kangaroo court in 1977. Indeed, what little legitimacy the Philippine ruling elite enjoyed among the masses during this period was, to a large extent, provided by the embattled Ninoy, who skilfully exploited his image as a feisty, defenceless David stopping Goliath with non-violent methods, including an epic 36-day hunger strike in 1975.

Aquino's pro-democratic stand, however, might have elicited admiration from the elite but not the support of most of his class. Marcos had correctly calculated that the vast majority of the Philippine national, regional, and local elites would be cajoled or coerced into taking his side. Ninoy and a hardy band of nationally-prominent politicians like former Senators Jose Diokno, Lorenzo Tanada, and Gerry Roxas were a vociferous group of critics, but their Liberal Party allies at all levels deserted them like flies as their armed groups were disarmed by Marcos or their followers bought off. For the hesitant few, the dismantling of Aquino's political machine in his home province, Tarlac, was made into an object lesson, with its key leaders intimidated, imprisoned, forced to go underground, or simply murdered.

While Marcos formed his old and new elite followers into a new party, the New Society Party (KBL), he supplanted both them and civilian administrators with army officers as the key decisionmakers at both the regional and local levels. This new political reality was summed up incisively by a World Bank report:

Military commanders have, for the first time in modern Philippine history, become an integral part of the power structure, particularly in provincial administration, and through their influence (both personal and official) in judicial and administrative matters.<sup>6</sup>

At the national level, the generals shared power and interpenetrated with the two other groups which formed the internal pillars of the

<sup>6</sup> World Bank, 'Political and Administrative Bases for Economic Policy in the Philippines'. Memorandum from William Ascher to Larry Hinkle, Washington, DC, 1980, p 6. This 'political risk' analysis came to be popularly known as the 'Ascher Memorandum'.

regime: Marcos' powerful business cronies, who were able to bring key sectors of the economy under their control through the methods of 'pirate capitalism'; and the US-backed technocrats, who were charged with implementing the programme of authoritarian modernisation directed and funded by the World Bank.

The outlawing of political criticism and the shattering of the elite opposition pushed mass dissent toward the only force which was capable of withstanding the Marcos juggernaut: the left. And as the decade wore on, the key axis of political conflict in Philippine society became that between a massively armed ruling class and the armed left.

### **Marcos, Aquino, and the Challenge from the Left**

To understand the transformation of the Philippine left from the demoralised and defeated band of the early 1950s to the tough, resilient, and expanding movement of the late 1970s requires a brief mention of the dramatic schism in its ranks which took place in the late 1960s.

After its rout at the hands of Magsaysay and the CIA, the disoriented and decimated leadership had adopted the 'parliamentary road to socialism', a line which coincided with the conclusions of the Soviet Communist Party Congress in 1956. By the mid-1960s, however, the peaceful road was coming under heavy attack from a new generation of radicals led by the brilliant José Maria Sison, who were emerging from the reviving nationalist student movement. As these elements joined the party, a fierce inter-party struggle erupted between the 'peaceful road', espoused by the old leadership, and the strategy of 'protracted people's war', proposed by the young insurgents.

Unable to loosen the hold on cadres exercised by the old leadership, the insurgents 'reestablished' the Communist Party of the Philippines in December 1968, and founded the New People's Army (NPA) in March 1969 with 68 men and 35 rifles. The founding document, 'Rectify Errors and Rebuild the Party', was a carefully-argued polemic which traced the defeat of the Huk rebellion not principally to external causes but to internal ones—an adventurist military strategy of swift armed uprising, lack of a coherent policy on the united front, and absence of thoroughgoing political and ideological training of cadres and the mass base. It then went on to chart the strategy of revolution: the character of the current stage of the Philippine Revolution was 'national democratic'—that is, anti-feudal and anti-imperialist—which meant that it could potentially appeal to most classes, from the peasantry to the

'national bourgeoisie', and draw them to oppose imperialism and its local base, the landlord-*comprador* elites. The principal vehicle of the Revolution was a 'protracted peoples' war' in which the main force, the peasantry, would be mobilised and armed to gradually encircle and liberate the urban bastions of imperialism in the final stages of the revolution. Complementing the armed struggle was a flexible application of united-front tactics designed to win as many allies as possible, isolate the main enemy, and neutralise its potential allies. The insurgent leadership was attempting, in short, to apply the lessons of the national liberation struggles in China and Vietnam to the Philippine setting. It would not be until the mid-1970s that revolutionary strategy would acquire characteristics unique to the Philippines.<sup>7</sup>

The three-and-a-half years between December 1968 and September 1972 provided the left with a precious opportunity to attempt to forge a mass base without having to bear the full brunt of the military might of a repressive state. The NPA's assessment that the Filipino peasantry was ripe for revolutionary mobilisation was proven by its rapid building of a base area in the Cagayan Valley of Northern Luzon. The radicalisation of the student ferment in Manila also provided the Communist Party and the NPA with hundreds of new cadres, many of whom were deployed to the countryside for NPA expansion work.

The first years of martial law were the 'heroic age' of the reborn Philippine Left. Its mass organisations in the cities were smashed at the outset of martial law, while the NPA became the target of several massive counterinsurgency campaigns. Yet it had rebounded by 1977. Two critical steps taken by the party in the mid-1970s explain this. One was the decision to boldly create multiple base areas in each of the country's 11 major islands instead of relying on one major base, as had the Huks in the 1950s. The other was to correct doctrinaire and 'ultraleftist' methods of organising in order to broaden the appeal of the National Democratic programme to social groups other than the peasantry and the working class.

Set down in two now classic documents, *Specific Characteristics of Our People's War* and *Our Urgent Tasks*, the two policies had paid off

<sup>7</sup> Key works in the development of the strategy of the Philippine 'new left' include, chronologically, Jose Maria Sison's 'Struggle for National Democracy', a collection of speeches between 1964 and 1968; the Communist Party's 'reestablishment' document, 'Rectify Errors and Rebuild the Party' (1968); 'Philippine Society and Revolution' (1970), a brilliant reinterpretation of Philippine history by Amado Guerrero, said to be Sison's *nom de guerre*; Guerrero's 'Specific Characteristics of Our People's War' (1974); and the Communist Party's 'Our Urgent Tasks' (1976).

handsomely by the beginning of the 1980s. In 56 of the country's 72 provinces, an estimated 10,000 NPA regulars—some of them in company-sized units—kept Marcos' 250,000-man army stretched perilously thin. In the cities, skilful organising had created intersecting layers of illegal, semi-legal, and legal organisations among workers, students, certain professional sectors, and the Catholic clergy. The National Democratic Front (NDF), the preparatory commission of which was created in 1973, had become a major political reality by the end of the decade. Church sources estimated that, all in all, the NDF had 40,000 active organisers throughout the archipelago and a mass base of about six million Filipinos.

The emergence of the expanding NDF as the spearhead of the popular opposition to Marcos was a source of grave worry to the United States and the opposition elite. After a three-month investigation of political developments on the island of Mindanao, the Philippines' second largest, in early 1982, a US consul cabled the then Secretary of State, Alexander Haig, that in some areas, the NPA had become 'more important than the local government structure'. He concluded: 'This may sound like a worst case scenario but present circumstances are not encouraging and the future is ominous'<sup>8</sup>. The same concern was underlined by the Assistant Secretary of State for East Asia, Paul Wolfowitz, in testimony before Congress: '... [T]he growing challenge of the Communist New People's Army insurgency ... if unchecked could ultimately threaten US military facilities.'<sup>9</sup>

The challenge of the NDF elicited different reactions from the opposition elite. Former Senators Jose Diokno and Lorenzo Tanada, two leading figures who had longstanding credentials as nationalists, completed their break with elite politics by closely cooperating with organisations known to be sympathetic to the NDF. On the other hand, notables like former President Diosdado Macapagal and the Liberal Party President, Gerry Roxas, exhibited a reflexive anti-Communism and stridently promoted the view that 'Marcos is driving the country to the Communists' in their effort to persuade the Carter administration to abandon the dictator.

Aquino's stance was the most complex. He was, on the one hand, very sceptical of Diokno's tough nationalist stance, saying 'It will get us nowhere'. On the other hand, he was scornful of the anti-Communist

<sup>8</sup> Confidential airgram from G S Sheinbaum, US Consul, Cebu (Philippines) to Secretary of State Alexander Haig, Washington, 13 April 1982.

<sup>9</sup> Quoted in *Asia Record*, April 1983, p 2.





posture of many of his colleagues. 'I don't understand these people', he said in exasperation when he was in exile. 'We're all united in the objective of overthrowing Marcos. We have differences with the Communists, yes, but we'll worry about them when we're rid of Marcos'.

A populist politician, Ninoy had always prided himself as one who 'could work with the Communists'. Prior to martial law, Aquino was reported to have successfully worked out a *modus vivendi* with units of the New People's Army operating in Tarlac. While in prison, he called for the protection of the rights of José Maria Sison, the reputed chairman of the Communist Party, who was captured in 1977. An effort by Marcos to link Aquino to the top NPA leaders, Bernabe Buscayno and Victor Corpuz, in a murder rap failed because none of the three would say anything against the others. It was an experience which elicited mutual, if cautious, respect.

Aquino proposed a strategy of bringing the left into the electoral process in order to neutralise it. 'They must have the right to participate in elections and compete in the market place of ideas', he asserted. But he also warned, 'If they resort to violence after that, then that's a different story'.<sup>10</sup> It was the image of a man who could communicate with the left while successfully competing with it that Ninoy projected in order to secure American support.

### The Frustrations of Exile

It was, however, a proposition that the US would not buy. While Jimmy Carter's State Department was initially critical of the repressive record of the Marcos regime, by 1979 the Democratic administration whose 'human rights policy' at first buoyed the hopes of the elite opposition had become reconciled with the Filipino strongman. It was a reconciliation born of the realisation that Marcos had so effectively decimated the power bases of the opposition elite that he had become the only effective bulwark against the left.

In return for secure tenure over the two huge military bases in the Philippines, Subic Naval Base and Clark Air Force Base, the US agreed to provide Marcos with \$500 million in military and military-related aid. To soften the blow on the hopes of the elite opposition, however, the Carter administration pressed for the release of Aquino.

A perfect opportunity presented itself in May 1980, when it was

<sup>10</sup> Talk at Princeton University, Princeton, New Jersey, 20 February 1981.

discovered that Aquino needed to undergo triple-bypass heart surgery which could not be performed in the Philippines. For Carter, it was a face-saving gesture which he hoped would silence the critics who accused him of making the Philippines, like Iran, an exception to his human rights policy. For Marcos, the decision to release Aquino was a gamble worth taking: Aquino in exile might make waves for a while, but the dictator would be rid of the embarrassment of having a highly publicised and popular opponent in prison; once out of the country, Marcos estimated, Aquino would recede to the background.

It was a gamble that the cunning Marcos won. Aquino accepted the offer in the hope that he could more effectively lobby in Washington for an end to US support for Marcos. He banked on a long association with agencies like the CIA and the State Department. But by the time he reached the US, Ninoy found Washington on the defensive against the charge hurled by the resurgent right that it was the pressure for liberalisation from the US which had undermined the solidly pro-American regimes of the Shah of Iran and Somoza of Nicaragua.<sup>11</sup> He found, to his dismay, that the Carter administration was, in fact, attempting to coopt him into the Marcos order: Assistant Secretary of State Richard Holbrooke offered him the prime ministership of the country while Marcos would remain president. He angrily refused.<sup>12</sup>

Aquino then behaved exactly as Marcos predicted he would. He went on speaking tours of the US loudly criticising the regime. Then, in the summer of 1980, his followers in Manila participated in a series of bombings of government buildings and Marcos-linked establishments designed to scare Carter away from Marcos by creating an image of urban instability *à la* Iran. These moves provided the dictator with the perfect excuse for permanently banning Aquino from returning by refusing to guarantee either his personal freedom or personal safety.

It gradually dawned on Ninoy that in leaving the Philippines, he had allowed himself to be tactically outmanoeuvred once more by 'the evil genius'. Publicity tapered off a few months after he settled as a visiting fellow at Harvard University's Centre for International Affairs. And when the Reagan administration took office in January 1981, he realised that exile politics was a lost cause.

The new administration embraced Marcos with a vengeance, with

<sup>11</sup> Key works in the conservative attack were Jeane Kirkpatrick's 'Dictatorships and Double Standards', *Commentary*, July 1979, and Robert Tucker's 'America in Decline: the foreign policy of maturity', *Foreign Affairs*, Winter 1980-81.

<sup>12</sup> 'The Philippines: the more things change . . .', p 16

Vice-President George Bush toasting the dictator in the following fashion: 'We love you, sir . . . we love your adherence to democratic rights and processes'. Bush's gushing remarks were paralleled by a doctrinal effort to make authoritarianism in the Third World respectable and finally to bury the obsolete ideology of missionary democracy after what was regarded as the destabilising attempt of the Carter administration to revive Kennedyite Alliance for Progress policies. The most able representative of the new right-wing thinking in foreign policy was the US Ambassador to the United Nations, Jeane Kirkpatrick who argued:

. . . [T]he fabric of authority unravels quickly when the power and status of the man at the top are undermined or eliminated. The longer the autocrat has held power, and the more pervasive his personal influence, the more dependent a nation's institutions will be on him. Without him, the organized life of the society will collapse, like an arch from which the keystone has been removed.<sup>13</sup>

'Well, I guess their rhetoric has finally caught up with their practice', Aquino wryly commented after reading Kirkpatrick. Investigated by the FBI at the request of Marcos for allegedly 'exporting terrorism' and harassed by immigration officials whenever he returned from trips abroad, Aquino had had enough of exile. In mid-1981, Ninoy bade farewell to the opposition in exile, only to return—sheepishly—from Tokyo after failing to obtain a 'safe conduct' pass from Marcos. In early 1982, news of Marcos' deteriorating health made Aquino ebullient once more, even manic at times, as he predicted to one and all: '1982 is the year we shall all return to the Philippines'. But by the end of 1982, after Marcos had concluded a state visit to the US, Ninoy was still chafing in what he called 'our American prison'.

By mid-1983, Aquino's political future was in deep trouble. His prime role in the elite opposition was being steadily usurped by two figures: former Senator Jose Diokno and Mayor 'Nene' Pimental. While neither populist nor charismatic, Diokno had gained widespread prominence both internally and internationally for his firm nationalist stance, his unrelenting criticism of the regime, and, most of all, for his energetic defence of the rights of political prisoners. Pimental, a populist and charismatic politician in the Aquino mould, drew national attention when he successfully stopped Marcos' effort to oust him from his office as mayor of Cagayan de Oro City. In early 1983, Marcos unwittingly converted Pimental into a national hero when he had the latter jailed for allegedly contributing assistance to the NPA.

<sup>13</sup> Kirkpatrick, *op. cit.*, p 37.

Aquino's concern about his political future, however, intersected with a larger worry: that the Filipino people's rapid movement toward the left was nearing the point of no return. His fears were reinforced by increasing coverage of the NPA in the American press which depicted the Philippine left as leading the only growing guerrilla insurgency in an otherwise quiescent Southeast Asia. The movement threatened to sweep away not only Marcos but the whole system of elite control to which Aquino as a ruling-class politician was fundamentally wedded.

He found himself, in fact, adapting to the growing popularity of the left's positions. When he first arrived in the US, for instance, he defended the US bases as necessary to 'protect the region against the Soviet Union'. But prior to his departure, he was reluctantly favouring their 'eventual withdrawal'. Until the end, however, he believed that the anti-imperialist position was misguided. 'You know', he asserted, 'we overestimate the impact of the US on the Philippines. We can manage the US by using the carrot and the stick. We can arrive at more equal terms with multinationals. What we need is more political will and less rhetoric'.

The film *Gandhi* had a strong impact on a political figure shorn of all weapons except courage. An act of non-violence, especially if it was covered by the Western press, would draw international and national attention to both himself and his political alternative to both Marcos and the NPA. By June 1983, Aquino had made up his mind. 'There is no turning back now', he grimly asserted, and in a dramatic farewell to the US Congress Subcommittee on Asia-Pacific Affairs, he stated that his mission was to 'press for two-man negotiations with Marcos for a return to constitutional democracy' before it was too late.

Aquino, of course, realised there were grave risks to his personal safety. But in figuring out Marcos' probable response as a rational politician, Aquino convinced himself that the dictator had only three options:

- He could simply refuse him entry into the country and send him back to the United States. In this event, Aquino would be awarded a great propaganda victory;
- He could jail Aquino again and resume the 'legal' proceedings to execute him. Not only would this return Aquino to centre-stage but the international publicity, as before, would make it politically impossible for Marcos to carry out his death threat;
- He could allow Aquino to enter the country freely, then wait for the appropriate opportunity to have him assassinated in a 'clean' fashion.

Ninoy figured, however, that the more time he had to move about freely, the more political and personal defences he could erect to ward off an assassination attempt.

For Aquino, the ideal scenario—which he felt he had a 50–50 chance of pulling off—was the last one. Immediately after arriving, he would then lead his followers waiting at the airport on a ten-mile march from the airport to the presidential palace in downtown Manila. ‘“By the time we reach Malacanang [the palace], we will be 20,000 strong” he mused prior to his departure from the United States’.<sup>14</sup> It was a scene right out of *Gandhi*.

### **The Irrational Takes Hold**

It was Aquino’s third major miscalculation in his battle with Marcos, and this time it was fatal. Ninoy’s mistake lay in judging Marcos as a rational politician with a reasonable degree of control over developments. By August 1983, neither of these conditions held.

Things were slipping from the control of a dictator wracked by disease. The most serious manifestation of this situation was a bitter struggle for the succession to the throne between two powerful factions of the Marcos coalition. A palace clique led by Imelda Marcos, the president’s powerful wife, and the Armed Forces Chief of Staff, Fabian Ver, confronted a group headed by the Defence Minister, Juan Ponce Enrile, and Eduardo Conjuangco, who also happened to be the first cousin of Aquino’s wife, Cory. The two sides were roughly matched in terms of firepower and followings within and without the military.<sup>15</sup>

Aquino’s coming threatened to upset the rough equilibrium established between the two groups. For while Ninoy’s grassroots political machine might have been dismantled by the regime, the latter retained a healthy respect for his ability to mobilise people through his populist charisma. Aquino, in short, could act as a ‘wild card’ in the succession process, and tip the balance against the Imelda-Ver faction, to which the dictator inclined.

Aquino also erred in overestimating the extent to which Marcos would use rational political calculus to figure out his response to his rival’s arrival. Close observers of Marcos have remarked that the few times that the dictator—the apotheosis of the calculating Machiavellian

<sup>14</sup> Interview with Joel Rocamora, associate of the Southeast Asia Resource Center, 4 August 1983.

<sup>15</sup> For the implications of this struggle on the assassination, see Alfred McCoy, ‘A Political Death in Imelda’s Territory’, *Sydney Morning Herald*, 23 August 1983.

politician—has 'lost his cool' while making political judgments have been in matters involving bitter personal enemies.

Ninoy was not just a bitter personal and political foe. He was the great nemesis himself. This man was defying what the dictator regarded as an implicit agreement when he released Aquino in 1980: that the latter could not expect to be allowed back in if he criticised Marcos abroad. Moreover, Ninoy was coming home, in perfect health, while he was edging toward the grave. In a turbulent post-Marcos succession crisis, this hated foe could still come out on top and claim the empire he had built up over 17 years!

It was most likely this dangerous intersection of bitter personal and political enmity and the volatile succession crisis which pushed Marcos over the edge and led him to order the assassination of Aquino—a conclusion to which most Filipinos, who know how tightly the dictator controls decisions big and small, have come.

### **The Middle Class Upsurge**

But it was a case of Aquino losing the battle—and his life—but winning the war. For the unbelievable execution on the tarmac of the Manila International Airport was the spark which set off the social tinderbox that was urban Manila. What the murder did was to push the cities' large white collar and bureaucratic middle strata as well as their business elites into active opposition to the regime.

To grasp the full significance of this development, one must realise that ever since the beginning of martial law, the regime had assiduously cultivated the middle class as a support base. Marcos' projection of strong authority to dispel the 'chaos' and 'lawlessness' of the 'old society' was meant to appeal to one side of this traditionally volatile class: its yearning for political and economic stability. Prior to martial law, the idea of a man on horseback 'disciplining an undisciplined people' had circulated widely in this class and, curiously, coexisted with the antithetical yearning for a real democratisation of the society. To douse middle class concern over the loss of political rights, Marcos asserted that economic prosperity was contingent on the temporary suspension of these rights, the 'abusive' exercise of which had led to the 'democratic stalemate'.

It was in order to keep the rural middle strata on his side that Marcos stopped the land reform programme in 1974 when land reform agents met great resistance from the schoolteachers, clerks, retired officers, and small merchants who constituted the overwhelming mass of

medium landowners.<sup>16</sup> The urban middle class, on the other hand, was assured that opportunities for social mobility would be opened up by an economic development programme based on the attraction of massive amounts of foreign capital. Middle-class prosperity was the promise of what Marcos' PR men called 'the Revolution from the Centre'.

It was a formula that worked . . . for a while. Though suspicious of Marcos and resentful of the extravagant ways of Imelda, the middle class was nevertheless neutralised and rendered quiescent by policies which sustained economic growth at 6 per cent a year while keeping inflation—the great scourge of middle class psychology—within tolerable limits. It was the Brazilian model of depoliticisation: so long as the middle strata felt that their living standards were rising, they would turn a blind eye to the fall in living standards among the peasantry, labour, and the urban poor.

The collapse, beginning in 1979, of the export-oriented, foreign capital-dependent economic strategy from a combination of external recession, mismanagement and corruption, and growing resistance from the victims of development, triggered the alienation of the middle strata, whose ranks were hit hard by rising unemployment and whose pocketbooks were worn thin by inflationary pressures resulting from World Bank/IMF-imposed devaluations of the *peso*.

The bitterness created by the gap between the promise and the dismal consequences of the 'Revolution from the Centre' was expressed in this fashion by one middle-class intellectual who apparently had believed the earlier rhetoric:

Marcos launched a revolution from the center. If it was indeed a revolution from the center, it would have survived. It would have brought a lot of people from below to the middle class. There would have been this broad belt of stakeholders in the new society which would have been its impregnable defense mechanism. This didn't happen. *Among lumitaw?* [What emerged?] The new oligarchs. So it would appear that the revolution sold out to the Commies.<sup>17</sup>

It was a process of disillusionment that heartened Aquino, whose hopes of coming to power someday were bound up with support from the urban middle groups. 'The trade-off (between the loss of political liberties and economic development) no longer works', he asserted. 'Now, you have both political repression and economic depression'.<sup>18</sup>

<sup>16</sup> This is the conclusion of 'Agrarian Reform in the Philippines', a summary of the discussions in a seminar on the Marcos agrarian reform sponsored by the US Agency for International Development in Washington, DC in December 1977. See especially pp 12, 13.

<sup>17</sup> Jose Romero, member of the executive committee of the Makati Business Club (MBC), quoted in *Who Magazine* (Manila), 2 November 1983.

<sup>18</sup> Talk at Yale University, Connecticut, 10 May 1983.

On another occasion, he declared: 'Economics is Marcos' Achilles Heel'.<sup>19</sup>

Aquino was also elated by another development: the alienation of the national capitalist class from Marcos. In the early years of martial law, the dictator had tried to keep these national entrepreneurs who enjoyed the privileges of a protected internal market on his side by resisting World Bank/IMF pressure to bring down tariff walls. When the multilateral agencies issued the ultimatum to deprotectionise in 1979, however, Marcos complied, forcing the national entrepreneurs into opposition. A World Bank report candidly painted the situation into which it had forced its client:

[T]he elimination of protective tariffs and special subsidies has led to great dissatisfaction within the industries targeted for 'streamlining.' Therefore, in the Philippines, where the additional element of strongly perceived favoritism to Marcos' personal friends has created considerable resentment, the local business community has several reinforcing reasons to try to undermine the policy directives of the current government.<sup>20</sup>

It was the 'strongly perceived favoritism to personal friends' that prompted two other sectors of Manila's business class to join the national entrepreneurs threatened by the elimination of protectionism: the traditional local financial elite, which had tight links to the US financial world, and key American foreign investors.

Initially supportive of Marcos for establishing a 'sound business climate' in the early 1970s, the local financial elite and foreign investors began to worry when Marcos' cronies were able to secure control of key industries, like sugar, coconut, construction, and energy. The rapid expansion of these conglomerates was fuelled by the contraction of foreign and domestic credit. When this hothouse borrowing created a major financial crisis in 1981, Marcos' severely indebted friends were left high and dry and bankrupt, provoking a sigh of relief among their business rivals.

Marcos, however, would not allow his cronies to die. He persuaded the World Bank and the IMF, which now had the last word on foreign credit to the heavily indebted regime, to allow the establishment of a US\$600 million 'rescue fund' for his cronies, then promptly overshot the level of financing agreed upon with the two institutions. The rescue scandal shattered whatever confidence was left among the financial elite and foreign investors.

<sup>19</sup> Quoted in Robin Broad, 'Philippine Crisis Leaves Investors Wary', *Multinational Monitor*, November 1983, p 6.

<sup>20</sup> World Bank, *op. cit.*, p 8.



'The Philippines will never solve its economic problems,' a prominent member of the financial elite with close ties to foreign capital warned the regime publicly, 'unless the administration demonstrates in unequivocal terms that it is prepared to abandon its failed policy of favoritism and to start dealing a fresh deck and an even hand'.<sup>21</sup> Reflecting foreign investors' disillusionment with the regime, one of the leading 'political risk analysis' firms serving multinational corporations warned its clients against making 'any long-term commitments in the Philippines'.<sup>22</sup> In the meantime, the big US private banks which held the bulk of the country's \$22 billion debt drastically scaled down their loan programmes out of fear that instability, unbridled corruption, and economic stagnation had made the Philippines a major credit risk.

### The US Examines Its Options

Aquino hoped to bring about a middle-class/business alliance to set against the National Democratic Front's influence among the peasantry, workers, urban poor, religious clergy, students and selected professional sectors like teachers and health workers. And it was, in fact, such a force that came spontaneously and suddenly into being after his assassination.

The post-Aquino ferment has been produced by the confluence of two movements: the spontaneous surge of the newly politicised white-collar and bureaucratic middle sectors and the 'conscious' response of the organised sections of the student population, lower clergy, selected professional strata, and the urban poor. While the NDF provides the political leadership for the latter groups, which have been the targets of its urban organising work for over a decade, the ideological and political direction of the middle-class movement continues to rest, if unsteadily, with the elite oppositionists grouped in UNIDO (United Democratic Opposition), centre forces in the Church hierarchy led by the outspoken Archbishop of Manila, Cardinal Jaime Sin, and the local financial elite dominated by the billionaire banker, Enrique Zobel. The two movements even have their two distinct geographical headquarters. Demonstrations 'uptown', in the plush Makati financial district of Manila, are invariably led by the financial elite and traditional elite politicians, while mass actions 'downtown', at the Manila Post Office and other more popular sites, are usually mobilised or strongly influenced by NDF forces.

<sup>21</sup> Jaime Ongpin, Letter to the Editor, *Fortune*, 24 August 1981.

<sup>22</sup> BERI, S.A. 'Force 83 Report on the Philippines', New York, 15 March 1983, p. 2.

Linking the two movements are Cory Aquino, the slain senator's wife, and two nationalist figures who have broken with elite politics but continue to enjoy enormous prestige with their former colleagues, former Senators Diokno and Tanada. It is an uneasy coalition: on a number of occasions, the business executives have sponsored demonstrations with pro-US slogans to differentiate their politics from that of the radicals. The left, on the other hand, has teamed up with Tanada and other 'bourgeois personalities' to set up the National Alliance for Justice, Freedom and Democracy which seeks 'the dismantling of the US-Marcos dictatorship . . . and the establishment of a coalition government based on a truly democratic and representative system'.<sup>23</sup> But the NDF has also issued strong warnings against attempts by the US to split the movement.

There is a third actor, whose movement will probably be the decisive element in the urban ferment. Between these two relatively 'conscious' and organised forces lies the majority of Manila's vast urban mass—the struggling lower middle-class sectors of clerks, small stall-owners, small transport-operators; unorganised workers; and unorganised residents of the city's expanding shantytowns. This great 'mobilisable' mass, which formed the bulk of the five million marchers and mourners at Aquino's funeral in late August, is deeply anti-Marcos but continues to await the 'political formula' which can move it into decisive and sustained street protest. It is the base for which the upper-middle class opposition and the National Democratic Front are now quietly competing while preserving the broad unity against the dictatorship. This is a struggle that the NDF, with its class-based programme and eleven-year organising experience appears to be confident of winning. But sharp competition there is and will be, if we are to take the word of one energetic middle-class leader:

What's happening in Ayala [site of many demonstrations]? These are the managers at work. They were the radicals of the 1970s who are now putting on a coat and tie but who still aspire for a better life. This is the revolution from the center. Yet these managers are found not only in Makati [the business district] but in the government bureaucracy. Note that movements like JAJA, ATOM, and other groups are led by managers. You see management and corporate tactics at work where you can mount 20,000, 30,000, a million funeral cortege. That's a reflection of the management behind the protest movement. That is the leadership of the opposition.<sup>24</sup>

The US has not been a disinterested observer of this process. Initially

<sup>23</sup> Nationalist Alliance for Justice, Freedom, and Democracy, 'Primer,' Manila, 5 November 1983.

<sup>24</sup> Jose Romero, member of the executive committee of the Makati Business Club, quoted in *Who Magazine*, 2 November 1983.

taken aback by the rapid political deflation of an erstwhile ally, the US foreign policy establishment has been actively debating the preferred 'scenario' for a post-Marcos transition. In 1982, even before the Aquino assassination, the Central Intelligence Agency had recruited Philippine academic specialists to elaborate on possible alternatives to Marcos. The CIA effort was expanded into an 'inter-agency' venture after the assassination, with CIA, State Department, Pentagon, and congressional officials participating in a flurry of marathon meetings on the 'Marcos problem'.

The internal debate hit the press on 3 October, the same day President Reagan decided to cancel a November visit to Manila. In an opinion piece in the *New York Times*, the former US Ambassador to the Philippines and CIA officer William Sullivan recommended that the US 'take action, however messy, to assist a peaceful and democratic transition in the Philippines'.<sup>25</sup> The *Wall Street Journal* attacked the Sullivan line saying, 'Not only does Mr. Marcos have enemies worth fighting; he is waging his fight with a skill that gives us little reason, now at least, to count him out'.<sup>26</sup>

The Sullivan proposal, which is said to be favoured by professionals at the middle levels of the CIA and State Department, received a great boost when the US House of Representatives passed a resolution, by a resounding 413 to 3 votes, calling for a 'thorough, independent, and impartial investigation of the Aquino assassination' and 'genuine, free, and fair elections' to the National Assembly in May 1984.

In the debate on the resolution, Representative Steven Solarz, author of the resolution, bluntly stated the anti-leftist objective of the 'constitutional democratic option':

I think that these [May 1984] elections may well constitute a historic watershed in the history of the Philippines. At a time when there is growing support in the country for the Communist-dominated New People's Army . . . this may well be the last opportunity to demonstrate to the Filipino people that peaceful change is possible in their country.<sup>27</sup>

By mid-October, another force of immense consequence threw itself behind the electoral alternative: Marcos' major international creditors, who were worried that the massive flight of capital triggered by the Aquino assassination, which had reduced foreign exchange reserves from \$2 billion to \$435 million—less than the equivalent of one month's imports—in two and a half months' time, had damaged the regime's

<sup>25</sup> *New York Times*, 3 October 1983

<sup>26</sup> *Wall Street Journal*, editorial, 6 October 1983

<sup>27</sup> *Congressional Record*, 24 October 1983, p H8566.

ability to repay its now burgeoning \$24.9 billion debt. Political reform, a consortium of the Philippines' biggest creditors told the regime's representatives in New York, had become an essential condition for the restoration of a good business climate, and they refused to grant more loans until 'political changes' took place.<sup>28</sup> In Manila, the American Chamber of Commerce, which had been among the first to congratulate Marcos for imposing martial law eleven years earlier, now joined other business bodies to demand 'political reforms, restoration of democratic rights, and an end to pervasive militarisation'.<sup>29</sup>

From the standpoint of its proponents, the 'peaceful electoral option' provides a chance for the US to clothe itself with the mantle of Aquino in order to split the opposition and isolate the National Democratic Front. The urban middle strata would provide the base of a government legitimised by 'free elections'. In the opinion of some State Department and CIA officials, because of the weakness of the traditional elite opposition, the 'professional sectors' of the officer corps would have to be drawn in to serve as a prop of the government, as would the current group of technocrats who continue to enjoy the confidence of the international banking community and whose presence would serve as a guarantee that the country's enormous debt would be repaid.<sup>30</sup>

There are, however, several formidable obstacles to this scenario.

One is the White House itself. Reagan and his trusted advisers are known to make foreign policy from their 'hip pocket', ignoring or going against the advice of the professionals and experts at the CIA and the State Department. The policies of the White House toward the Third World continue to be characterised by reflex anti-Communism, by a strong preference for strongman repressive allies, and by a belief that liberalisation is the ante-chamber to revolution. The conviction is strong in this circle that elite democratic systems are obsolete as mechanisms of pro-US social stabilisation and that it was precisely Carter's pressure for liberalisation which undermined both the Shah and Somoza. And, at a time when the administration has fundamentally redefined US foreign

<sup>28</sup> 'Bankers Say Marcos Must Move', *New York Times*, 29 October 1983.

<sup>29</sup> 'Marcos Blames Businessmen for Economic Crisis', *Washington Post*, 11 November 1983.

<sup>30</sup> Almost all consultants or participants we talked to who have been attending the 'interagency discussions' on 'post-Marcos scenarios' emphasise the stress placed by US policymakers on the role of the military professionals and the technocrats as 'stabilisers' in the 'transition'. If General Ramos is the Pentagon's preferred man in the Philippine military, Prime Minister Cesar Virata is the bankers' favourite in the technocracy. Virata has already distanced himself from Marcos by saying in public that he does not 'rule out' the possibility that people high in the government were responsible for the assassination, and by his publicly expressed opposition to Marcos' threat to reimpose martial law following the late September demonstrations in Manila.

policy from merely containing national liberation forces to 'rolling them back' from states where they have come to power (like Grenada), it is unlikely, say some observers, that the administration would prove sympathetic to an exercise which might bring the left closer to power.

Another key obstacle is Marcos himself. Supporters of the electoral option are hoping for an early demise—from natural causes—of the dictator, for they realise, as one specialist puts it, 'there is no way Marcos will go except in a coffin'. While they see the dictator playing a 'stabilising role' in bringing the country to the May 1984 National Assembly elections, his presence in any 'arrangement' thereafter would only discredit it.

A third complicating factor is the likely resistance to any 'peaceful transition' from the Marcos base—the army, cronies, and local and regional satraps grouped together in the New Society Party (KBL). With or without Marcos, this sector will demand strong guarantees for the privileges and positions which it has acquired through fraud and force.

Sizeable numbers of Marcos loyalists see as their insurance policy a post-Marcos government led by the Army Chief of Staff, Fabian Ver, who now doubles as chief of Marcos' praetorian guard, and the First Lady, Imelda Marcos, the first providing the repressive muscle, the second the political base. Since Ver and Imelda are extremely unpopular, this possibility is a nightmare which some US planners are determined to prevent.

Ver is seen as a 'political', as opposed to a 'professional officer'—that is, one who made it to the top through connections to the First Family and whose position is dependent on a network of similar political appointees to key military positions. US hopes of controlling the army are based on the discontented professionals, represented by the Vice-Chief of Staff Fidel Ramos, who have had traditionally close ties with the Pentagon through US-sponsored military training programmes and education at US military schools. A great many of the professionals are captains and colonels commanding units in the field who are doing the actual fighting against the NPA, while the 'politicals' are either in comfortable general staff positions or connected to urban-based units charged with protecting the dictator. 'If Marcos dies and Ver moves, the professionals won't leave the barracks if the Americans say so', says a consultant to the Defence Department, reflecting the Pentagon's belief that without Marcos, the professionals would gravitate toward direction

from the US, which provides the military aid which keeps the counterinsurgency machinery working.

A fourth problem in the electoral scenario is the state of the elite opposition. Not only has this sector been severely weakened by Marcos' effective work of demolishing their grassroots political machinery, but, with the loss of Aquino, they are without a credible unifying figure. Former Assemblyman Salvador Laurel, the head of UNIDO, is discredited by a past of corruption and opportunism. Mayor Nene Pimentel of Cagayan de Oro City is an attractive populist figure, but one unlikely to be accepted by the older, entrenched elite politicians, at least for the time being. The man who approaches Aquino's stature, former Senator Diokno, is one who has repudiated old-style politics and refuses to cut any deal with the Americans. Moreover, the elite opposition realises that to be seen making a deal with *any* faction of the Marcos coalition—including the 'cleaner sectors' like the military professionals and the technocrats, whom the Americans find indispensable in a post-Marcos tradition—would be the kiss of death in the mass movement.

Economics is the fifth major obstacle to the parliamentary democratic option. Economics, to paraphrase Aquino, is the Achilles heel not only of Marcos but of any would-be successor government. There is no way any US-supported regime can avoid making the regular payments on principal and interest on the massive external debt contracted by the regime, which is estimated to hit \$26 billion by the end of 1983. Some calculate that these payments now come to \$3 billion a year.

In the aftermath of the Aquino assassination, the government suspended principal payments for three months beginning in late October 1983 and is now in the process of concluding a standby agreement with the International Monetary Fund which would provide it with \$650 million to pay off arrears to the private banks and cover the costs of necessary imports. Future private loans, which are necessary to keep the regime from declaring bankruptcy, have been made contingent on the application of the severe austerity measures—cutbacks on imports, big reductions in government spending, heavier taxes, wage cuts—which go with IMF 'stabilisation' programmes.

The banks have, in fact, thrown themselves behind the electoral option out of fear that the regime has lost the legitimacy necessary to impose austerity successfully. In other words, to succeed, austerity must be 'democratised', or applied by a government with some legitimacy derived from elections. There is no easier way, however, to erode the

legitimacy of a parliamentary government, even among the middle classes, than for it to act as a collection agent for the IMF and the private banks. This is a dilemma which haunts would-be parliamentary successors to dictatorships not only in the Philippines, but also in Brazil, Argentina, and Chile.

In his more lucid moments, Aquino could presciently sketch the grim scenario for a post-Marcos parliamentary government:

Look, you have a situation when Marcos falls, you come in, the communists back off, and people expect you to make miracles. How do I put back three million jobs? How do I bring down the price of gasoline, for Pete's sake . . . So the people will say, 'Jesus Christ, you're the guy we waited eight years for? You're even worse! . . . The thing I can say is, the first guy that will come in will be blown out in six months. Then a second guy will come in and he'll be blown out in six months.'<sup>31</sup>

### **The Turbulent Future**

The immediate future then holds out the dismal prospect of a series of unstable US-supported governments—authoritarian or parliamentary—composed of changeable sets of officers, technocrats, and elite democrats, each unsuccessfully attempting to stop the historic momentum of the Philippine polity toward the left.

Hungry for power after eleven years of deprivation, some sectors of the elite opposition are only too likely to walk into the parliamentary trap. Only one actor in the Philippine political drama fully comprehends the unfolding scenario—the National Democratic Front (NDF), the political force which both Marcos and Aquino regarded as the strategic threat but attempted to deal with in radically different ways.

The NDF has stated that it is not willing to be drawn into a premature bid to seize state power at this point. The lessons of the disastrous strategy of 'swift armed uprising' adopted by the old left in the 1950s are much too deeply ingrained. Despite the migration to the cities, its spokespersons have reiterated that the dynamics of the armed struggle in the countryside, where 60 per cent of the population live, will continue to be the principal determinant of the decision on when to make the definitive drive for state power. That will wait until the movement has achieved the political following and military power—the 'critical mass'—to pass on to what NPA strategists call 'the strategic offensive'—a phase characterised by a final massive campaign conducted by large regular NPA units to destroy the Philippine military on the rural battlefield, coordinated with uprisings in Manila and other urban

<sup>31</sup> 'The Philippines: the more things change . . .', p. 16.

centres. Liberation Day *à la* 1975 in Vietnam is a few years down the road, say the leaders of a movement which has attained a reputation of carefully calibrating its advances to its actual strength.

And it will be at that point that the United States, having failed to stabilise the social situation, with either the formal democratic mechanism or the authoritarian solution, will have to confront once more the issue of whether or not to openly intervene with troops to destroy another national liberation movement in Southeast Asia.





## The Failure of Repressive Monetarism: Chile, 1973–83\*

On 11 September 1983, General Augusto Pinochet was celebrating ten years of military rule in Chile. Celebrating is, perhaps, the wrong word. For this was by far the most troubled anniversary in what had been in any case a hazardous decade. The military regime was simultaneously faced with a catastrophic economic situation, an unprecedented level of social unrest and an increasingly vocal political opposition which, for the first time, appeared to be moving towards establishing a united democratic front. And yet, little more than eighteen months before, the regime had appeared highly successful in carrying out a profound transformation of the Chilean economy, society and polity: its monetarist model had been hailed as having performed an 'economic miracle', its 'seven modernisations' seemed to be restructuring society as a whole in terms of the market principle and the political arrangements introduced in the 1980 constitution seemed on the way to consolidation.

The Chilean monetarist experiment is the longest on record and took place in a context of political authoritarianism and repression, which minimised the level of possible social and political resistance to the implementation of the model. To that extent, it could be argued that the conditions for its success were optimal; its failure, therefore, might contain lessons that extend beyond the specific Chilean case. In the pages that follow, I will attempt to contribute to the drawing of those lessons by examining the basic features of the model, its origins and evolution, the contradictions that it generated which led to the crisis and the nature of the options open to the Chilean military rulers in the aftermath of the crisis.

### **The Model of the Military Government: economics**

The military coup of September 1973 and the regime that was installed as a result constitute a major break in the economic, social and political history of modern Chile. At that time the country was a democracy in which the authorities were renewed periodically through free and fair

\* This article is based on the corresponding chapter in the book *The State and Capital Accumulation in Latin America*, edited by C Anglade and C Fortin, to be published by Macmillan in 1984.

elections and where fundamental human rights and political liberties—freedom of the press, of association and of political activity—were respected. Following the coup, Chile became a military dictatorship: Congress was closed down, political activity of any kind was forbidden, basic freedoms were abolished, and the regime engaged in a widespread process of liquidation, imprisonment, torture and exiling of its opponents.

In the economic sphere, from a developmental model based on import-substituting industrialisation with a strong intervention of the state as a promoter, financier and direct producer, the policy shifted towards a monetarist model whose central plank was the restoration of the free operation of the market. In this view, the intervention of the state in the areas of prices, wages, tariffs, subsidies, redistributive taxation, foreign exchange controls and direct production introduces inefficiencies in the working of the economy and leads to excessive expansion of the supply of money and to inflation; the latter, in turn, exacerbates the misallocation of resources. Efficiency and monetary stability can only be restored through the elimination of state intervention and the opening of the economy to the rest of the world.

In effect, the monetarist model adopted was as much a tributary of the 'structuralist' monetarist approach associated with the name of R I McKinnon as of the more orthodox Chicago-Friedman brand. Furthermore, its implementation went through several stages, which responded both to the needs of economic management and to the changing relations among groups and interests with influence in decisionmaking. The sequence and dynamics of those stages are essential to understand the development of the model and its ultimate fate, and to them I now turn.<sup>1</sup>

a) *Stage of liberalisation.* This lasted from September 1973 until June 1976. The fundamental goal in this stage was the elimination of inflation, and this was to be done by reducing the presence of the state in the economy. Measures included the elimination of price controls, the reduction of public expenditure, the privatisation of state enterprises, and the beginning of a process of development of a private capital market and of opening up of the economy by means of devaluation and tariff reductions.

<sup>1</sup> The following periodisation is close to the one proposed in A Foxley, *Latin American Experiments in Neoconservative Economics*, Berkeley: University of California Press, 1982, but differs from it in important respects.

The first effect of the freeing of prices in September and October 1973 was to push up inflation for the year 1973 to an astonishing 605.9 per cent.<sup>2</sup> At the same time the government took a gradualist approach to the reduction of public expenditure and the contraction of demand. This failed to reduce inflation to tolerable limits—the rate for 1974 was 369.2 per cent—and in view of this, the government decided in April 1975 to adopt the so-called 'shock treatment' of drastic contraction of demand which precipitated a very deep recession (Table I). This is the

**Table 1: Index of Per Capita GDP and Index of Per Capita Industrial Value Added, 1974–82 (1971=100)**

	per capita GDP	per capita industrial value added
1971	100.0	100.0
1974	89.6	87.4
1975	76.7	64.1
1976	78.1	66.8
1977	84.3	71.2
1978	89.7	76.5
1979	95.5	81.1
1980	101.2	84.7
1981	105.2	85.4
1982	90.2	67.1

*Source:* Based on national accounts data from the Chilean Central Bank and population data from the Chilean National Institute of Statistics.

time when the Chicago-trained economists who had been advising the government—the 'Chicago boys'—effectively took over the running of economic policy, and cemented an alliance with Pinochet and the military elite which was to last until the recent crisis.

As even the shock treatment failed to reduce inflation below the three digit level, the government decided to tackle the question of inflation through the manipulation of the exchange rate. The 'shock treatment'

<sup>2</sup> R Cortázar and J Marshall, 'Índice de precios al consumidor en Chile: 1970–1978', *Estudios CIEPLAN* (Santiago de Chile) No. 4, November 1980, p 161.

was discontinued in June 1976 and a Programme of Economic Recovery was announced.

b) *The opening of the economy.* This stage extended from June 1976 to June 1979. While control of inflation remained the basic aim of the government in this period, it was pursued through a stepping up of the process of opening of the economy to the world system. Import tariffs were reduced rapidly: by June 1979 there was a single tariff of 10 per cent on all imports, with a few exceptions. At the same time, the Chilean *peso* was revalued. The purpose of the revaluation was to reduce inflationary expectations as well as the cost of imported goods, and therefore bring down inflation which until then had proven intractable through conventional monetarist instruments. Inflation was, in effect, brought down; by 1977 it was in two digits and by the first half of 1979 it was 15 per cent.

The combined effect of tariff reductions and revaluations was a sharp fall in the real cost of foreign exchange for imports. The import bill started to rise quickly, leading to a deficit in the current account which was made up by inflows of short-term capital. The net external debt went up by almost one-third between 1976 and 1979. Concomitantly, though, there was some improvement in economic activity, with GDP growing at an average rate of 8.8 per cent in 1977-9. This in fact meant only a recovery of the levels preceding the 1973 coup (Table I); however, the figures were received enthusiastically by the government and by monetarist supporters elsewhere. The Chilean model was credited with performing an 'economic miracle'.

c) *The balance of payments monetary approach.* This stage lasted from June 1979 till June 1982. It is marked by the abandonment by the government of the closed economy monetary approach—according to which inflation is a function of the internal money supply—and its replacement by the balance-of-payments monetary approach. This holds that in a fully open economy variations in internal inflation result from variations in international inflation and variations in the rate of exchange; if the rate of exchange is fixed, internal inflation and international inflation should become equalised. Following a significant devaluation in June 1979, the government then established a fixed rate of exchange *vis-à-vis* the dollar. However, as should have been expected, there was no instantaneous equalisation of the internal and the international inflation rates. As the internal rate remained higher, this amounted to another effective revaluation of the Chilean currency.

Imports became cheaper and expanded enormously, especially non-essential consumption items. The value of the 13 main items of imports of consumption goods which in 1970 had been US\$76m, went up to US\$591m in 1980 and US\$903m in 1981 in constant 1977 dollars; imports of fuels and lubricants in 1981 amounted to US\$690m while imports of transport equipment and of other capital goods were US\$806m.<sup>3</sup>

Two consequences followed. On the one hand, industrial production, faced with competition from cheaper imports, stopped rising and then began to decline, with industry facing growing financial difficulties to remain in operation (Table I). On the other hand, the deficit in the balance of trade and current account began to mount despite the successes of the government in expanding exports of copper and of other items such as fruits and vegetables, fishmeal, timber, pulp and paper and molybdenum; the growth of imports simply exceeded by far that of exports. As moreover the attempts by the government to attract foreign direct investment by offering a very generous regime of taxation and other privileges had not produced the desired results, the growing deficit in current account continued to be made up with inflows of financial capital, and the external debt soared (Table 2); pressures on the international reserves of the country began to develop, aggravated by the absence of exchange controls.

As will be discussed below, the first reaction of the government—and particularly the 'Chicago boys'—was to try to maintain the fixed rate of exchange, in the belief that this would allow for an automatic adjustment of the external account and the rate of inflation. By June 1982, though, the situation was getting out of control, and the government had to devalue, despite consistent attempts at denying that it would. The crisis was then officially acknowledged.

### **The Model of the Military Government: politics**

It has already been said that the military coup entailed the elimination of democratic processes and the concentration of power in the military rulers. At first the junta, composed of the heads of the army, the navy, the air force and the police, held both the executive and the legislative powers, but in June 1974 the army head, Pinochet, was appointed President with the junta retaining the legislative power. This was the

<sup>3</sup> R French-Davies, 'El experimento monetarista en Chile: una síntesis crítica', *Estudios CIEPLAN* (Santiago de Chile) No. 9, December 1982, p 22.

**Table 2: Balance of Payments, Foreign Debt and International Reserves, Selected Years, 1975-82 (millions of current US dollars)**

	1975	1977	1979	1981	1982
Current account	-491	-551	-1088	-4814	-2382
Goods	70	34	-426	-2598	218
exports	(1590)	(2185)	(2460)	(3960)	(3798)
imports	(-1520)	(-2151)	(-2886)	(-6558)	(-3580)
Services	-571	-660	-732	-2316	-2700
Capital account	240	572	1946	4769	1304
Direct investment	-4	16	177	376	365
Autonomous capital	244	556	1769	4393	939
Balance of payment	-344	113	712	70	-1165
Foreign debt	5263	5434	8463	14653	n.a.
International reserves	427	871	2792	3775	n.a.

*Source:* Based on data from the Chilean Central Bank.

first expression of a process of growing personalisation of power which would continue until the crisis.

The new military rulers started a drive against any form of political activity. Politics itself was declared pernicious from the outset.<sup>4</sup> The parties of the left were made illegal and the parties of the centre and the right were pronounced 'dormant'. The national trade union organisation was also banned, but, by contrast, the organised national interest groups of capital were allowed to remain in existence and to elect their own leaders.

However, the predominant characteristic of the regime has been physical repression. This has been well documented in reports of the United Nations Human Rights Commission<sup>5</sup> and other investigative bodies. At first, repression was massive and indiscriminate; with the creation in June 1974 of the National Intelligence Directorate (DINA) it took on a more selective and technical—although no less brutal—character. DINA was particularly active between 1974 and 1976, and acquired international notoriety because of its involvement in the

<sup>4</sup> *Declaración de Principios del Gobierno de Chile*, Santiago de Chile: Editora Nacional Gabriela Mistral, 1971.

<sup>5</sup> United Nations, *Protection of Human Rights in Chile. Note by the Secretary-General*, Docs. A/31/253, 8 October 1976; A/32/227, 29 September 1977; A/33/331, 25 October 1978; A/34/583, 21 November 1979; A/35/522, 23 October 1980; A/36/594, 6 November 1981.

assassination or attempted assassination of prominent anti-government exiles: General Carlos Prats, in September 1974 in Buenos Aires; Christian Democratic former Vice-President of Chile, Bernardo Leighton, in September 1975 in Rome; and Allende's last Minister of Defence, Orlando Letelier, in September 1976 in Washington DC.<sup>6</sup> While the worst excesses of DINA and of repression generally were somewhat mitigated as the economy showed signs of improvement after 1977, the essential features of a police state have remained throughout.

It is also important to note that the regime has not made any sustained attempts at ideological mobilisation of mass political support; evidently, any kind of popular mobilisation, even in favour of the government, was regarded as undesirable. By this I do not mean that the military government totally lacked civilian support. In effect, it seems clear that at the time of the coup a very substantial proportion of the middle and upper classes preferred military intervention to the continuation of the socialist attempt of the Allende government. However, until the crisis it was apparent that the military—and Pinochet in particular—felt they could operate without reference to the main political actors and relying fundamentally on coercion to secure the compliance of the popular sectors.

Also, I do not mean to say that the regime lacked an ideology. On the contrary, it has at least three ideological strands, which have been emphasised at different times. Thus, three stages can be distinguished. In the first one, the ideological principle through which legitimisation was sought was the doctrine of national security, which affirms the superiority of the state as a whole over the individuals and groups in society.<sup>7</sup> 'Subversion' is identified as the fundamental danger to the unity of the state and the armed forces are designated as the only structure able to deal with the danger. The ideology, thus, leads to complete control of the state by the military institution.

This clearly political ideology coexisted from the beginning with the economic ideology of the market defined in terms of 'economic science'. During the first stage of the economic policy the political ideology was dominant. This changed towards the end of the 'shock treatment' when the ideology of economic freedom and of scientific management of the economy became slowly predominant; its proponents were the

<sup>6</sup> J Dinges and S Landau, *Assassination on Embassy Row*, London: Writers and Readers, 1981.

<sup>7</sup> G Arriagada and M A Garretón, 'Doctrina de seguridad nacional y régimen militar', *Estudios Sociales Centroamericanos*, San José, Costa Rica; Part 1, 7(20) May–August 1978, pp 129–53; Part II, 7(21), September–December 1978, pp 53–82.

'Chicago boys' and its credibility was enhanced with a recovery of the economy that took place after 1977. The main thrust of this ideological approach was the notion that the basic problems of society are amenable to the economic technical solutions, and therefore should not be in the realms of political decisionmaking but of specialist—i.e. trained professional economist—attention. An expression of such an approach is the provision of the 1980 constitution whereby the area of financial management is taken away from the powers of the elected representative bodies and vested in the Central Bank. In this sense, the ideology is profoundly antidemocratic. At yet a third moment the ideological discourse moved towards an attempt at extending the ideology of the market to cover the whole of the social organisation. The so-called 'seven modernisations' announced in 1979 were an effort to transform social relations in seven areas into market relations, dominated by individualism and social fragmentation.

The main impact of the 'modernisations' approach was felt in the fields of labour relations and of social security. In the former, a regime of collective bargaining was introduced which prevented trade unions from bargaining at sectoral level and encouraged atomised bargaining by plant. At the same time, it introduced restrictions on the right of strike. The results of the first two rounds of collective bargaining under the regime showed the extent to which ability of the workers to achieve their objectives in terms of wage increases was curtailed: in almost all cases the final settlement was the same as initially proposed by the employer.<sup>8</sup> In the field of social security, alongside the state system in existence at the time of the coup—which was based on earnings-related contributions and uniform benefits—a private one based on individual savings accounts was set up.<sup>9</sup> While the workers had the choice whether to transfer their social security funds from the state to the private system, strong incentives were offered to do so, and in effect the bulk of the funds were shifted. As the next section will indicate, the private social insurance sector was controlled by a few large economic groups; the reform of the social security system was a means of major transfer of financial resources from the state to the emergent dominant sectors in the economy.

<sup>8</sup> M Barrera and H Henríquez, *Participación popular y autoritarismo político. El caso de la negociación colectiva de los sindicatos chilenos*, Santiago de Chile: Centro de Estudios Sociales, 1982.

<sup>9</sup> J Nash, 'La reforma previsional', *Chile-América* (Rome) No. 74-75, October-December 1981, pp 44-59.



**Who gets what, when and how?: the impact of the politico-economic model**

There is little doubt that the fundamental economic impact of the model described above was to produce a dramatic reduction in the standards of living of the lower income sectors of the Chilean population. As Table 3

**Table 3: Index of Real Wages and Salaries and Percentage of Total Unemployment\* in the Labour Force 1970-82**

	(1) index of real wages and salaries	(2) percentage unemployment
1970	100	5.7
1974	65.1	9.2
1975	62.9	16.5
1976	64.8	20.2
1977	71.5	18.6
1978	76.0	17.9
1979	82.3	17.3
1980	89.3	17.3
1981	97.4	15.6
1982	82.2**	28.3***

\* Including individuals in the Minimum Employment Programme

\*\* December

\*\*\* October-December

*Sources:* (1) 1970-81, R Cortázar, 'Distribución del ingreso, empleo y remuneraciones reales en Chile, 1970-1978', *Estudios CIEPLAN*, No. 3, Santiago de Chile, June 1980, p 20 and R Ffrench-Davis, *op. cit.*, p 32; 1982 estimated from data from the Chilean Central Bank; (2) R Ffrench-Davis, *ibid.*

shows, the decline in real salaries and wages in 1974-5 was of the order of 35 per cent as compared to 1970. The index improved from 1977 onwards, but it never reached the level of 1970 and with the onset of the crisis in 1982 it fell back to over 10 per cent below that level. If to that is added the historic high levels of unemployment produced by the model (16.6 per cent of the labour force on the average for 1974-81) and the drastic reduction in the levels of social expenditure of the government (in 1979 it was only 83 per cent of the level of 1970) a fuller picture

emerges of the extent to which the model has produced a large-scale redistribution of income in favour of the richest sectors of the population at the expense of the poorest. This is confirmed by measures of the distribution of national income, as shown in Table 4. But the redistribution of social and economic power was not limited to an overall shift from the workers to the capitalists. Within the capitalist class the operation of the model has meant a process of accelerated concentration of wealth and economic power in a small section of the capitalist class, representing financial interests as opposed to being industrially based. This has led to a growing conflict between financial and commercial sectors on the one hand and industrial and agrarian sectors on the other, a conflict that is a major component of the crisis of 1982-3. Several indicators point to the unprecedented process of concentration of economic power which has taken place since 1973. Of the publicly-subscribed companies registered in the stock exchanges of the two largest cities in Chile in 1978, the assets of the companies controlled by the five largest Chilean economic group plus foreign-owned companies represented over 75 per cent of total assets.<sup>10</sup> The two largest economic groups controlled about 50 per cent of the total assets, and the value of those assets went up by a factor of two between 1978 and 1980 in real terms.

**Table 4: Variation in the Consumption by Households, 1969-78**

Households	Percentage variation
Poorest 20%	- 31.4
Next 20% up	- 21.5
Next 20% up	- 11.8
Next 20% up	+ 2.9
Richest 20%	+ 15.7

*Source:* Based on R Cortázar, *op. cit.*, p 10.

These are essentially financial groups.<sup>11</sup> They have, to be sure, taken over large numbers of productive enterprises, particularly in the export

<sup>10</sup> J E Herrera and J Morales, 'La inversión financiera externa en los modelos de desarrollo hacia afuera: el caso de Chile, 1974-1978', in R Vigorito *et al.*, *Transnacionalización de la economía Chilena*, Santiago de Chile: ILET-VECTOR, 1980, p 189.

<sup>11</sup> R Lagos, 'La burguesía emergente', *Chile-América* (Rome) no. 72-73, 1981, pp 83-93.

sector; but their main objective has been financial speculation, and the acquisition of industrial concerns was simply a temporary way of profitably investing liquid resources. Actually, industrial enterprises provide further means of speculation; a large part of the unrecoverable debt of the industrial sector *vis-à-vis* the banking system, which was a precipitating factor in the crisis, was taken by enterprises controlled by the banks themselves. The dramatic shift in the profitability of the main sectors of capital is shown in Table 5; the share of the financial sector went up from an average of 1.0 per cent in 1960-70 to 18 per cent in 1981, with a somewhat less pronounced drop in the share of industrial capital. The process whereby the dominance of the financial sector of the Chilean bourgeoisie took place is worth recounting. A central tenet of the policy of the military government was the need to put an end to what McKinnon has termed 'financial repression', that is, the set of constraints for the emergence of a private financial system in underdeveloped countries. This the government decided to do by means of the elimination of limits on interest rates; the way the elimination was implemented was instrumental in the consolidation of the financial groups.

**Table 5: Payments to Capital by Main Sectors, 1960-70 and 1981 (percentages)**

	Agriculture	Industry	Trade	Banking
1960-70	10.5	30.0	22.4	1.0
1981	7.3	20.9	27.8	18.0

*Source:* Based on national accounts data from the Chilean Central Bank.

At the time of the coup, a majority of banks has been nationalised. The new regime announced its intention to return them to private ownership, but it did not do so until late 1975. In the meantime, the government allowed private finance companies to set their own interest rates, while retaining a controlled interest rate for the banks. Private finance companies could thus grow dramatically, and when the banks were privatised, the groups organised around those companies were able to taken them over. The rate of interest charged by the banks was then freed, and quickly reached a staggering peak of 178 per cent in real

terms (annual equivalent) in the third quarter of 1975. Although it later went down, it remained very high throughout the decade. Industry, which embarked on a process of large-scale borrowing from the banks in the hope that economic activity would recover, found itself increasingly indebted to the financial sector. As indicated, this is one of the main components of the crisis of 1982-3. The conflict was intensified by the impact of foreign indebtedness. The economic groups that emerged in the first stages of the financial restructuring were able to procure large amounts in the international market at the prevailing international rate of interest. They were then able to lend to local capital at much higher rates. A comparison of the two levels is shown in Table 6. As anticipated

**Table 6: Internal and International Real Rates of Interest, Selected Years, 1975-81 (percentages)**

	Internal rate	International rate
1975	127.2	n.a.
1977	57.1	8.9
1979	16.9	14.3
1981	39.8	n.a.

Source: A Foxley, *op. cit.*

in the previous section, the process of consolidation of the large financial groups was further helped by the privatisation of the social security system. By July 1981 the two largest economic groups controlled three-fourths of the social security funds transferred from the state system; all social security companies were subsidiaries of the groups controlling over seventy per cent of the assets of the private financial system.<sup>12</sup> The process of restructuring of economic control was completed through a significant reduction in the presence of the state in direct production. Between 1973 and 1977, out of 507 companies owned or controlled by the state, 437 were privatised. This further intensified the concentrating tendencies in the economy, since the rapid sale of large state enterprises under conditions of recession and of high interest rates meant that only the economic groups which had access to local financial resources or external credit could purchase the companies being sold. It also meant that the price paid was considerably lower than

<sup>12</sup> French-Davis, *op. cit.*, p 34.

the real value. Thus, for a sample of companies and banks amounting to about 60 per cent of the value of all companies sold, it has been estimated that the price paid was about 75 per cent of the net value of assets.<sup>13</sup> Privatisation was, therefore, a form of subsidy from the state to the large economic groups.

Privatisation, though, was not total. Under the notion that the activities regarded as strategic for national development and security would remain in the state sector, some thirty-seven companies were still under state ownership by 1982, and their current revenue amounted to nearly one-fourth of GDP. Paramount among them is the nationalised copper sector, the main generator of foreign exchange in the economy. Despite occasional debates in which the more orthodox economic decisionmakers and advisers in the government have expressed a preference for the privatisation of the large-scale copper mines, the view within the military that copper should remain in the hands of the state has prevailed. On the other hand, the orthodox groups have been able to introduce the principle that the state copper sector should not expand, and that all additional production in copper should come from direct foreign investment. As a result, the level of investment in the state copper sector has been systematically below that made possible by the profitability of the sector. The state copper industry has been a net provider of surpluses to the central government.<sup>14</sup>

### Contradictions and Crisis

It should by now be apparent, that, for all the talk of an 'economic miracle', already by the end of the 1970s the Chilean model was running into serious imbalances and contradictions that could not but lead to a crisis. A first expression was the bankruptcy in May 1981 of a sugar refining company owned by one of the large financial groups. The immediate cause of the collapse was a failed attempt by the company to speculate in the world sugar market; however, the deeper factors associated with the model were already present: the use of the company as a vehicle for financial manipulations, its enormous debt with the banking system—a large percentage of which was owed to banks belonging to the same group—and the lack of regulation of foreign transactions and obligations.<sup>15</sup>

Between December 1979 and June 1981 the credit of the banks to the

<sup>13</sup> Foxley, *op. cit.*

<sup>14</sup> C Fortin, 'The Copper Policy of the Pinochet Government', mimeo, 1982

<sup>15</sup> M O Mönckeberg and F Paulsen, 'CRAV'. *Análisis* 4(36) Santiago de Chile, July 1980.

private sector went up by a factor of two in real terms. Part of the increase went to industrial companies which were making an effort to survive; the bulk went to finance speculative deals, especially in real estate. At the same time, a crisis in the balance of payments was taking place. The balance of trade deficit in 1981 was 2.6 billion dollars (imports amounted to 6.6 billion dollars) and the deficit in current account was 4.8 billion dollars, which was covered by inflows of loan capital (Table 2). The foreign debt of the country was by then reaching 15 billion dollars, equivalent to almost 60 per cent of GDP; the service of the debt took up over 80 per cent of the value of exports of goods.

The economic decisionmakers in the government decided to adhere to the policy of a fixed exchange rate, and to try and contain the financial disequilibrium by means of introducing restrictions on financial operations. This provoked a major rift between 'the Chicago boys' and the financial groups, which, oddly, began to agitate for devaluation. The government responded by raising the interest rate, but this did not prevent a run on dollar reserves of the Central Bank, and it only added to the pressures on the industrial sector and aggravated the recessive tendencies. The general index of manufacturing production ( $68 = 100$ ) plummeted from 126.9 in July 1981 to 90.7 in April 1982 and unemployment reached 17.4 per cent in March-May 1982. The leader and intellectual mentor of the 'Chicago boys' resigned as Finance Minister, and his replacement proposed a reduction of wages as a way to allow the adjustment of internal and international prices with a fixed rate of exchange. This solution was seemingly rejected by the military, and the alternative course of action—devaluation—was then adopted, in spite of statements to the contrary by Pinochet himself. Between June and August 1982 the Chilean *peso* was devalued by nearly 55 per cent. By then the government appeared internally divided, with its economic policy in a shambles and no clear notion as to how to face the crisis. Yet a third Finance Minister, appointed in September 1982, ordered two major banks into receivership and took over the running of five other banks, including the two largest ones in the country. He himself was removed from office after only five months. At the end of the year, the economic situation appeared almost unmanageable: GDP had fallen by 14.3 per cent, unemployment stood at nearly 30 per cent in March 1983 and the annual inflation in that same month had shot up to 25 per cent.

Social and political unrest quickly followed the economic crisis. As on comparable occasions before, the initial impetus was provided by the

trade unions and the workers' movement. This time, however, there was a difference. The growing conflict between the financial and the industrial sectors of the capitalist class had led to a break in the unity of the bases of support of the government; sectors of the middle and the upper classes began to express openly their opposition to the regime and to demand a change in its fundamental components, Pinochet's rule and the 1980 constitution. A series of 'national protest days' began to take place once a month from May 1983. They involved street demonstrations, the banging of empty pots to emphasise the economic difficulties, the refusal to pay bills or complete commercial transactions on that day. Around the protest days another new and important phenomenon started to take shape. Despite the banning of political activity, the political representatives of the opposition began to appear publicly in support of the protests, and their actions began to converge; by August a united front—the Democratic Alliance—composed of the centre parties, a sector of the right-wing political spectrum and the Socialist party had been set up. The government initially tried to deal with the unrest by resorting to repression. Soon, however, it became clear that this was not possible. A civilian Minister of the Interior was appointed on 10 August; he declared himself ready to start a dialogue with the opposition, and introduced some measures to liberalise the regime: lists of exiles allowed to return to the country were published and the state of siege was lifted. While the government's initiatives succeeded in temporarily slowing down the momentum of the opposition protests, they did not lead to a resolution of the political crisis, and the opposition has gone back to the offensive with a massive demonstration—for the first time authorised by the government—which took place on 18 November.

### **Concluding Considerations**

The extrapolation of lessons from a single case is a fraught business. However, the story of the Chilean experience in monetarism undoubtedly will be examined with care by policymakers in developing countries generally. As suggested at the beginning of this article, it was an experiment lasting for a whole decade, in which the policies were applied in a sustained and consistent—although not always necessarily orthodox—manner. Moreover, it was done in a highly controlled political context, and therefore with a much lower incidence of considerations regarding 'social cost' than would have been conceivable in a democratic arrangement. Still, it failed signally. Part of the reason is

the unfavourable international environment: copper prices were low throughout the period and the price in 1982 was the lowest in real terms since the war; conversely, though, the international financial system was highly responsive to Chile's borrowing requirements until 1981. Also, some responsibility for the demise of the model can be attributed to sheer mistakes and wrong choices in the implementation. In particular, the adherence to an overvalued rate of exchange during the fixed parity stage can be criticised even in terms of the orthodox monetarist approach; on the other hand, it had a logic: if reduction of inflation was the fundamental priority and inflationary expectations played a crucial role in determining inflation levels, then a fixed rate of exchange made sense.

Some aspects of the experiment do stand out as being, perhaps, of more general applicability. It would seem that the combination of the opening of the economy and the unbridled expansion of the financial sector carries a bias against the industrial sector which affects negatively the chances of both economic and political reproduction of the model. Economically, it slows down growth and the rate of capital accumulation: in the period 1973-82 the average per capita gross domestic investment in fixed capital in Chile was twenty per cent less than in 1965-70. Politically, it engenders a conflict between the industrial and the financial fractions which destabilises the bases of the model. It further introduces severe disequilibria in the external macroeconomic variables: the deficit in the balance of trade due to the increase in imports of consumption goods leads to the growth of the foreign debt and the two together to a reduction in the availability of imported raw materials and intermediate goods; this slows down economic activity, and coupled with the fall in the rate of accumulation reduces the ability of the economy to restore external equilibrium. An escalation of imbalance is thus set into motion.

The model also has built-in income concentrating effects. They may not be as extreme as in the Chilean case, where the state positively intervened to worsen income distribution. But they are always present inasmuch as the state relinquishes its redistributive function and focuses on the disciplining of the workers; this, in turn, increases the need for political authoritarianism and repression. In a real sense, in under-developed and dependent capitalist societies the 'freeing' of the economy requires the fettering of the polity. Together with the conflict within the capitalist class that the model generates, confrontation between on the one hand the state and on the other the workers and the



poor makes for a very unstable political basis for the model. The military in Chile are now realising it, and are beginning to distance themselves both from the 'Chicago boys' and from the financial groups, and trying to reopen links with the industrial sectors and the middle class. They do not have, however, an alternative political project that could reconstitute a viable social basis for the military state and incorporate, albeit partially, the popular sectors. The chances of their succeeding in extricating themselves from the crisis while retaining power seem bleak. And this is certainly one aspect of the experience that will not go unnoticed elsewhere in the Third World.

## Science, Technology and Industrialisation in Africa

This paper is an attempt to examine some aspects of science and technology in African development. It will review various approaches to the analysis of science and technology in developing countries and the light they cast on the situation in Africa. A central contention in the paper is that part of the problem of science and technology in African development is an inadequate understanding of the problem itself. In particular, it is argued that the parameters used to define the problem have tended to be too narrow and that there is a need to situate science and technology within a broader political and economic framework with an emphasis on the role and structure of the State in the process of industrialisation.

There has recently been a surge in interest in the role of science and technology in African development, not only by governments and regional bodies, but by social scientists preoccupied with the broader question of socioeconomic development and change in Africa. On one level, there are the formal expressions of concern with the problem, notably the section on science and technology of the Lagos Plan of Action.<sup>1</sup> This concern is reflected, on another level, by a research emphasis on the problematic of science, technology and industrialisation among African scholars, which has raised the debate to a richer theoretical plane.<sup>2</sup>

The current emphasis partly stems from a frustration with the results

<sup>1</sup> 'The Lagos Plan of Action for the Implementation of the Monrovia Strategy for the Economic Development of Africa', adopted by the Second Extraordinary Assembly of the OAU Heads of State and Government, Lagos, Nigeria, April 1980. The importance given to science and technology is at least superficially indicated by the fact that this is the longest section in the Plan.

<sup>2</sup> See, for example, Samir Amin, 'Le Contenu Technologique de la Self-Reliance'; Faycal Yachir, 'Industrialisation et Dépendance Technologique en Afrique'; Makhtar Diouf, 'Techniques de Gestion et Politique de Développement', and other papers in Faycal Yachir (ed), *Technology and Industrialisation in Africa*, CODESRIA Book Series, Dakar, Senegal, 1982; and Abdellatif Benachenou, 'L'autonomie technologique dans le tiers monde et ses implications pour l'enseignement supérieur', International Institute for Educational Planning, Paris, 1982; Faycal Yachir 'A Propos du Plan de Lagos sur la Science et la Technologie', *African Development* 7 (1-2) 1982, CODESRIA, Dakar; John Forje, 'Science and Technology: the African Search for a third way to development', *Alternatives* (4) 1978-79, pp 355-69; Thandika Mkandire, 'Capital Goods, Accumulation and Technological Change: some theoretical and practical issues from Africa', CODESRIA Working Paper, May 1981 (mimeo).

of past efforts to develop science and technology capabilities, and with the political, institutional and economic impediments to this process that have thus been revealed. An equally important reason is the serious economic crisis that is facing the African continent today; a crisis relentlessly documented by the World Bank,<sup>3</sup> but perhaps more compellingly expressed by the former OAU Secretary-General, Edem Kodjo:

If a balance sheet of the last twenty-five years of development is drawn up, the results for Africa are far from encouraging: 18 of the 25 poorest countries are in our continent, and a high proportion of the 800 million individuals living in absolute poverty are to be found among us. Agricultural and food production is insufficient as regards both its quantity and quality. For every thousand children born, 400 die of starvation or malnutrition. We are net importers of foodstuffs; the annual rate of increase of production of these goods was only 1.5 per cent between 1970 and 1977, nothing like enough to cover the 3 per cent natural growth in the population; although some progress has been recorded in the manufacturing sector, how do we stand in relation to the 12 per cent per annum growth target fixed at Lima, given the fact that Africa's share in world manufacturing reaches 2 per cent (repeat 2 per cent) of total world output? Instead of 12 per cent we have reached a maximum of 5 per cent and even this is our peak performance.<sup>4</sup>

The Lagos Plan of Action, with its emphasis on self-reliance and collective development, represents an important response to this crisis. The Plan has become a rallying point for various ideological perspectives, some openly critical of it but supportive of its underlying principles and intentions especially in contrast to other models of development that have been suggested for Africa. For example, a recent CODESRIA/ECA (Council for the Development of Social and Economic Research in Africa/Economic Commission for Africa) conference on African development concluded:

<sup>3</sup> The World Bank, *Accelerated Development in Sub-Saharan Africa: an agenda for action*, Washington DC 1980, 1981 (also referred to as the Berg Report). The Bank's report describes the current crisis in Africa as characterised by slow economic growth, rapid population increases, poor agricultural production, and balance-of-payments and fiscal crises, even in comparison with other developing regions. The GNP growth rate for the period 1970-79 was the lowest in the world, and in fact negative for the low-income sub-Saharan nations, per capita agricultural production and exports had declined, and the literacy rate was the lowest of all developing regions. The crisis is particularly acute in the low income sub-Saharan countries, where the annual growth rate was in most cases below 1 per cent and with virtually all the countries showing declines in the average index of food production per capita. The Berg Report has been extensively criticised for its failure to analyse the causes of the current crisis and for the recommendations it makes for African development (see, for example, the Special Issue of *Africa Development* on the Berg Report and the Lagos Plan of Action, (1-2) 1982, which contains critiques by Samir Amin and Thandika Mkandire) but the facts it reveals about the current state of African economies realistically reflect the seriousness of the crisis.

<sup>4</sup> Quoted from 'Africa Towards the Year 2000: report of the joint OAU/ECA symposium on the future development of Africa' and cited in 'Application of Science and Technology to Development in Africa', UNDP/TCDC/AF/7, United Nations, New York, 1980.

The very strongly stated idea of self-reliance (at national or collective level) is considered to be important and compatible with economic cooperation amongst African countries and the eventual creation of a continental common market. However, the economic prescriptions of the Lagos Plan of Action, when placed within the framework of the Monrovia strategy, are seen to lack overall coherence intersectorally as well as within each sector . . . Despite these detailed shortcomings, the Lagos Plan was considered to have laid down the correct orientation and framework for development in Africa. The correct orientation and therefore significance of the Lagos Plan of Action is *clearly highlighted when it is contrasted with the World Bank report.* (emphasis added)<sup>5</sup>

Statements such as these point to one of the major obstacles to the implementation of the Plan—a lack of the coherence and detail that is necessary to translate the broad goals and objectives of the Plan into concrete and practical measures in spite of the appropriateness of its overall goals. Hence, there is a vast gap between the promise and collectively expressed aspiration of the Lagos Plan of Action and the extent of its actual implementation. In the case of the science and technology component, it is to a large extent a result of a deficiency in research on science and technology in African development and the responsibility for addressing this lacuna must fall squarely on the shoulders of those involved in this area of research.

This deficiency exists at both the theoretical and methodological levels. In the first case, the theoretical relationship between science and technology and socioeconomic development remains largely unarticulated. Though some of the Marxist literature does offer insights, their elaboration into the African context remains limited.<sup>6</sup> There has also been little reflection upon the meaning of such popularly espoused concepts as 'technological autonomy' and 'self-reliance', especially in terms of what they mean in a practical sense. For example, what criteria for the choice of technology are important for self-reliance and what should be the role of the capital goods sector? How does one develop a research agenda aimed at achieving technological autonomy? What sectoral and intersectoral priorities should be pursued? What should be

<sup>5</sup> Report of the CODESRIA/ECA Conference of Directors of Social Science Research Institutes and Policy Makers on the Third United Nations Development Decade, the Monrovia Strategy and the Lagos Plan of Action, Addis Ababa, March 1982, *Africa Development* 7(1-2) 1982 p 199. This issue contained various critiques of the Lagos Plan and the Berg Report.

<sup>6</sup> There is a substantial body of literature on science, technology and society that has developed in Eastern Europe but this has limited applicability in the Third World, which echoes the debate over the applicability of European Marxism (Western or Eastern) to the Third World. As Samir Amin ('Expansion or Crisis of Capitalism?', *Third World Quarterly* 5(2) April 1983) notes, Marxism (historical materialism) is not a doctrine, but a method for the analysis of social reality and as such there are inherent limits to the transferability of an analysis conducted in Eastern Europe to the developing world.

the balance between basic and applied research? And, most importantly, is it structurally feasible to achieve self-reliance within the present global economic system?

At the methodological level, there are equally important unanswered questions. For example, how does one study technical change and innovation in the informal sector with a view to tapping it for national development? What criteria should be used for determining the usefulness of basic research findings? How does one deal with the gross deficiencies in data on science and technology in Africa? And, finally, what are the methodological requirements to ensure a greater policy relevance to research?

These questions illustrate the types of issues that need to be addressed in order to improve the understanding of the role that science and technology can play in African development as well as to enhance the policy relevance of such research.

### **Perspectives on Science and Technology in Africa**

One cannot speak honestly of a consistent or coherent approach to the study of science and technology in developing countries. There are a number of approaches that do not lend themselves to easy systematisation. Nevertheless, some general trends may be identified.

#### **Science as an Input to Development**

Much of the early work on science, technology and development was carried out by natural scientists and engineers, based, as Hill<sup>1</sup> notes, on their actual 'experience' of science in developing countries. In the main, this tradition views science and technology as central to the development process and the problem is seen as chiefly being to establish and to promote a sound scientific and technological infrastructure, to encourage the development of scientific communities and R & D institutions, and to improve the processes of transfer and adaptation of technology. The analyses do not derive from any particular theoretical tradition nor contribute substantially to the development of new theory. As Hill observes, 'Such analyses are largely atheoretical, are often couched in

<sup>1</sup> Stephen C Hill, 'Contrary Meanings of Science—Interaction Between Cultural and Personal Meanings of Research in a Developing Country Research Institution' in Stuart S Blume (ed), *Perspectives in the Sociology of Science*, New York: John Wiley and Sons, 1977. Illustrative of this thinking are: Michael Moravcsik, 'Some Practical Suggestions for the Improvement of Science in Developing Countries', *Minerva* (4) 1966, and UNIDO, *Industrial Research Institutes*, United Nations, New York, 1970.

normative terms and projected as appropriate policy to overcome science underdevelopment and underdevelopment *per se*.<sup>8</sup>

It is worth noting that many of the science and technology 'experts' that roam the world advising governments on science and technology policy come from such a perspective and that a number of bilateral and multilateral aid programmes aimed at developing science and technology capacities in the Third World are based on this thinking. A particularly salient feature of this approach has been what Cooper<sup>9</sup> describes as a preoccupation with the supply side of the equation, the assumption being that the problem is one of providing the right kind of scientist and engineer and the proper infrastructure. Science and technology policy therefore becomes a matter of making the right investments in R & D, training and education, information systems, etc. and establishing a national science and technology policy unit with the responsibility of allocating these resources. This view of the problem of science and technology as a question of investment is shared by development economists<sup>10</sup> such as Solow<sup>11</sup> who emphasise the contribution of technological change, and, hence, science, to the 'residual' factor in economic growth.

The problem here, as with the earlier perspective, is that science and technology are viewed as external to the system; that, regardless of the structure of society or the dynamics of the economy, added injections of science and technology (implicitly Western science and technology) lead to productive growth. There is little attention given to what we now recognise as two crucial issues in this respect. Firstly, that the orientation and character of science and technology are intimately related to the structure of society as a whole and in particular to the way the economy works. Hence:

It does not follow from the fact that there are certain organic relationships between science technology and production in one kind of economic organisation—say advanced industrial capitalism—that these relationships will obtain in other kinds of economic organisation—say underdevelopment.<sup>12</sup>

<sup>8</sup> Hill, *op. cit.*, p 195.

<sup>9</sup> Charles Cooper, 'Science Policy and Technological Change in Underdeveloped Economies', *World Development* 2(3) March 1974, pp 55–64.

<sup>10</sup> In Cooper's analysis, this distinction is not clearly articulated as such, the 'experience'-based approach and the development economics approach are treated together. The distinction, however, is useful, because the critique of the former rests on its atheoretical *ad hoc* nature, whereas the critique of the latter must address the theoretical premises of development economics, for example, 'residual factor' analysis. Nevertheless, Cooper is accurate in describing both as being preoccupied with science as an input to development.

<sup>11</sup> R M Solow, 'Technical Progress and Productivity Change', *Review of Economics and Statistics* (39) 1957.

<sup>12</sup> Cooper (1974) *op. cit.*, p 57.

Secondly, that the structures of peripheral societies are different from those of the advanced nations and that this is inseparable from the historical, political and economic position of the Third World in the global economy, which calls into question any strategy based upon the concept that the Third World is similar to the advanced industrialised world, only poorer and slower in its development process.

UNESCO's statistics on science and technology<sup>13</sup> provide some quantitative government-reported data on various scientific and technological parameters in African countries. The UNESCO data, though limited, are still the most comprehensive source of information on African science and technology. The organisation of these statistics and the definition of terms and categories follows an OECD pattern of analysing science and technology and is primarily concerned with the 'inputs' to science and technology in the form of expenditures and personnel. The data are also often quite outdated and incomplete—many of the statistics for African nations reported in the 1982 UNESCO statistical yearbook apply to 1970–73, and not all countries are covered for all the categories.<sup>14</sup>

Within these limitations, the figures paint a bleak picture of African science and technology. In the period 1974–8, Africa's share of global R & D personnel rose from 0.4 per cent to 0.7 per cent but remained unchanged at 0.4 per cent for R & D expenditures.<sup>15</sup> On a per capita basis, the average R & D expenditure in Africa is below US\$2.00 per capita, and below 1 per cent of the GNP in nearly all countries, though it tends to be higher in the Arab States. It is not clear, though, how accurate these figures are. Only a few countries, Nigeria, Kenya and Senegal, for example, identify R & D expenditure as a separate item in their budgets. However, many countries include expenditures for research and development within broad sectoral categories—agriculture, health, transportation—and the actual expenditures may in reality be higher than indicated. What is needed, perhaps, is a detailed analysis of the national budgets of African countries to extract those items that pertain to R & D in order to obtain a more realistic picture of expenditures on science and technology.

The UNESCO data on expenditures on a country-by-country basis

<sup>13</sup> *UNESCO Statistical Yearbook 1982*, Paris, 1982.

<sup>14</sup> For a summary of statistics on African science and technology, which includes UNESCO and other sources of data, see: Atul Wad and Michael Radnor, 'Science and Technology in Africa: implications for international cooperation', *Center for the Interdisciplinary Study of Science and Technology*, Northwestern University, Evanston, Illinois, June 1983.

<sup>15</sup> If one includes the Arab states, the situation is slightly better, with personnel increasing from 1.5 per cent to 2.1 per cent and expenditures from 0.8 per cent to 0.9 per cent.

are sadly lacking. In the 1982 yearbook, these figures were reported for only eight African countries. For five of the eight countries, there is no breakdown of the total expenditures in terms of fundamental or applied research or experimental development. In three countries a large percentage of current R & D expenditures goes to applied research,<sup>16</sup> but in general the total amounts spent on R & D are extremely small.

The UNESCO data also offer some perspective on the availability of science and technology personnel. Most countries in the region possess about a third of the corresponding numbers in Asia and about 3 per cent of the level in Europe, though countries such as Nigeria, Egypt, Libya and Zambia have substantially larger manpower resources than the average. The shortage of science and technology personnel can be attributed to a number of factors—the lack of higher educational systems and research facilities, the emphasis in the past on the liberal arts and humanities over the more applied fields of engineering, and the 'brain drain'.<sup>17</sup> It is clear, though, that most African nations are taking the shortage of trained manpower extremely seriously; the average government functional expenditure on education in Africa is 15.6 per cent of total government functional expenditure<sup>18</sup> with some countries spending as much as 20 per cent (Botswana, Guinea-Bissau) and even 35 per cent (Côte d'Ivoire).

When one examines the distribution of personnel across scientific fields, the majority in most countries are found to be engaged in the natural and agricultural sciences and few in the engineering fields. Sometimes the social sciences account for a large percentage. For example, in Kenya, the distribution is: natural sciences, 27.4 per cent; agricultural sciences, 50.69 per cent; social sciences, 9.7 per cent; engineering, 7.76 per cent and medical sciences, 4.43 per cent. In Malawi, the distribution is: natural sciences, 29.41 per cent; agricultural sciences, 23.75 per cent; engineering, 12.85 per cent; medical sciences, 1.30 per cent.

The UNESCO data also reveal a very low ratio of scientists to technicians and a high incidence of part-time scientific personnel (48 per

<sup>16</sup> 68.8 per cent of total current R & D expenditures in Malawi goes to applied research. In Mauritius it is 88.79 per cent and in Sudan 76 per cent.

<sup>17</sup> A number of analyses exist on human resources shortages in science and technology in Africa and ways of overcoming such shortages through training. For example, M O Chijioke, 'A Practical Approach to Early Technical Education', *Impact of Science on Society* 23(2) April-June 1973, pp 95-100; Mamdou Keita, 'Mali's Experiment in Training Engineers', *Impact of Science on Society*, 27(4) 1977, pp 387-92; Thomas Odhiambo, 'The Planning and Teaching of Science According to National Needs', *Impact of Science on Society*, 23(2) April-June 1973.

<sup>18</sup> World Bank, *op. cit.*



cent for the region) who spend the other part of their time either as teachers or administrators. A large proportion of the scientific personnel are found in the general service and higher education sectors rather than in R & D in the productive sector *per se*.

One could stop by simply concluding that the problem here is a shortage of people, and indeed many of the training programmes supported by governments and aid and international agencies seem to be based on such a premise. It seems more fruitful, however, to ask why the situation is the way it is, what encourages people to go into higher education rather than production R & D, and what might be some of the implicit value systems underlying the choice of specialisation or career. One explanation could be that it is a matter of where the rewards are greatest, but it may also be explained in terms of the consolidation of a certain social stratification in African society where the various sections of the traditional and emerging elite vie for an appropriate position and economic base within the evolving structure of society. The pattern of development (and industrialisation) chosen by the State would be influenced by the character of the ruling elite, and would determine which were the most efficient paths for upward mobility in that society. Thus, if the country has adopted an 'extraverted' strategy of industrialisation, with a heavy reliance on imports of technology and know-how, the professions associated with these imports would tend to benefit the most and this would define which career paths or fields of specialisation are considered most desirable.

An equally valid but somewhat contrary argument could be made that if there is a strong orientation towards Western technology and capital, the local scientific community would become 'marginalised' from the production sphere in the sense of being left out of the mainstream of economic activity. In which case one would expect scientists to tend towards other, higher status and income activities—administration, teaching, consulting—at the expense of production-related R & D. One may ask why administration and teaching are higher in terms of status and income and the explanation may be in the importance given by the government to these activities, or, relatedly, the lack of coherence in government policy towards domestic production R & D, resulting in considerable job uncertainty for those engaged in such work. In a study of the scientific community in Nigeria, Eisemon<sup>18</sup> found few of the scientists he interviewed to be

<sup>18</sup> Thomas Eisemon, 'The Implantation of Science in Nigeria and Kenya' *Minerva* (17) 1979 pp 504–26.

pursuing research in their fields of specialisation. He attributes this to the vagaries of governmental policies as well as to the responsibilities which African scientists feel towards their extended families, who in many cases have provided financial support for higher education. These pressures, he concludes, lead African scientists to take up administrative careers or become consultants to government and private bodies in order to enhance their incomes. Interestingly, this is in contrast to the West, where scientists go to industry for higher incomes.

Thus, the problem of personnel is much more complex than simply one of shortage. One needs to consider the nation's policy towards industrialisation, the composition of the ruling class, cultural factors, and the changing status of the scientist in African society, and all this within the context of the evolution of a new structure of social stratification in independent African nations.

### Science as an Output of Development

This school has its roots in the field of scientometrics—the science of measuring scientific activity—and views science as a productive activity, where productivity is measured in terms of publication of papers and citations in journals. Thus, Garfield<sup>20</sup> examines the frequency of citation of Third World scientists in international journals and concludes that, with the exception of India and Argentina, the contribution of the Third World to global science has been marginal. Other studies have explored the visibility (through citation) of Third World research globally, the distribution of scientific activity in the Third World, and the extent to which Third World publications are authored by Third World scientists rather than expatriates.<sup>21</sup>

This approach is of somewhat limited value, except perhaps in depicting how scientific information flows across countries. The basic question of the purpose of science in development is not addressed at all, since the implicit assumption is that there is one global concept of science and the problem in the Third World is that they just don't participate fully in this universal endeavour. More specifically, what is considered 'legitimate science' is defined as that which is published in formal internationally-renowned journals, leaving no space for the role of unpublished papers or reports. Finally, few analyses are offered as to

<sup>20</sup> Eugene Garfield, 'Science in the Third World', *Science Age*, October–November 1983.

<sup>21</sup> For example, Yakov Rabkin, Thomas Eisemon *et al.*, 'Citation Visibility of Africa's Science', *Social Studies of Science* (9) 1979; J Davidson Frame, Francis Narin and Mark Carpenter, 'The Distribution of World Science', *Social Studies of Science* (7) 1977, and Eisemon, *op. cit.*

why this distribution of science is as it is, and when they are, they usually take the all-too-common form of pointing to the lack of investment, infrastructure and incentives for scientific activity. Thus, Garfield suggests that the reason is that developing countries cannot afford to spend enough on R & D and that there is not a large enough research community to support the production of significant numbers of scientific articles. These are not so much the cause of the problem as part of the problem itself. Scientific activity does not consist solely of the production of papers but involves the entire system of research, development, innovation, education and their relationship to production. This is what is underdeveloped and distorted.

While the citation analysis approach may have serious shortcomings in terms of its theoretical basis and its somewhat limited view of science and technology, it does point to the need for measures of scientific activity in the Third World. These need not be publication records or other conventional indicators of scientific output but could be based more firmly on certain criteria that reveal the contribution of science and technology to the development process. It is a positive sign that there is renewed interest in this question currently.<sup>22</sup>

Some light is cast on African R & D viewed from this perspective in a study by Frame, Narin and Carpenter<sup>23</sup> based on an analysis of the *Science Citation Index*, which showed that Black Africa produced 0.32 per cent of the total mainstream science literature in the world, compared to 0.96 per cent by Latin America, 2.86 per cent by Asia and 1.38 per cent by the Middle East and North Africa.<sup>24</sup> These figures are somewhat misleading in that they do not reflect the disproportionate contributions of a few countries within each region. Thus, in Asia, India accounted for 6880 of the total of 7764 publications, or 88 per cent. In Black Africa, Nigeria and Kenya accounted for 405 of the total of 882 publications, or 45 per cent. In Latin America, Argentina, Brazil, Chile and Mexico accounted for 2061 of the total of 2618 or 78 per cent. In the Middle East and North Africa, the concentration is lower, with the three largest producers, Iran, Egypt and Lebanon (the data these

<sup>22</sup> See, for example, M Anandakrishnan and Hiroka Morita-Lou, 'Science and Technology Indicators Oriented Towards Development Objectives', United Nations Center for Science and Technology for Development, New York, 1983 (mimeo) and various papers of the Division of Science and Technology Policies of UNESCO

<sup>23</sup> Frame, Narin and Carpenter, *op. cit.*

<sup>24</sup> The scientific output of the Middle East and North Africa is quite substantial and more evenly distributed than in other regions

figures are based upon are for 1973) accounting for 971 of a total of 3753 or 25 per cent.

As mentioned earlier, this type of analysis has a limited value beyond the 'headcount' overview it offers on African science and technology. It is based on publication in mainstream journals and does not allow for the accounting of 'non-formal' research and the possibility that there may be scientific activities of value in Africa that are simply not tapped by the mainstream literature. The reliance on such data would also seem to be an endorsement of the 'publish or perish' syndrome common in the science communities of the advanced countries. Ramasubban<sup>25</sup> interprets this syndrome as a reflection of the economic pressures on scientists to go for quantity over quality in order to succeed within the community. If indeed, as the ideal of Western science holds, scientific autonomy is paramount to the conduct of research, the pressure to publish negates this very ideal and in fact reveals the strong incorporation of the scientific community into the value system of the prevailing ideology and economic system. Hence, the frequency of publication by scientists is as much a measure of the influence of the State and the economy on the conduct of science, and, in the Third World, of the extent of incorporation of local science into the global economic system, as it is a measure of output. While this is not meant to demean the value of scientific output *per se*, it does suggest that the analysis of scientific activity and output necessarily entails an analysis of the State. One could even venture the proposition that the extent of scientific output in the form of publications (leaving aside the question of its social value) is directly proportional to the stability of the State (regardless of its ideology) and to the dependence of the scientific community on the State.

Throughout this discussion the terms 'science' and 'technology' have been considered together. However, different approaches to the problem tend to vary in emphasis on one over the other. At one extreme, citation analysis is explicitly and solely concerned with science and pays little attention to technology. On the other hand, other perspectives tend to deal with technology and production and spend little time on the dynamics of science itself. Thus, they do not address such questions as the nature of scientific creativity, the internal structure of science, and the formation of scientific communities. Admittedly, this is a result of the justifiable and proper concern with

<sup>25</sup> Radhika Ramasubban, 'Towards a Relevant Sociology of Science', in Blume (ed), *op. cit.*

technological change and the production sphere but one could also argue that one of the requirements for a healthy and productive (for the economy) science is a strong and creative scientific community. In this regard, it seems important to deal with questions of creativity and motivation, the ways in which scientific communities develop and operate, the role and status of the scientist in the social system, and even the management of scientists and engineers. These are issues that have been extensively analysed in the conventional sociology of science, and in fact some efforts have been made to apply this conventional perspective to developing countries.<sup>26</sup> The drawback with these efforts, however, is that the scientific communities of the advanced countries remain their point of reference. A sociology of science for the Third World needs to draw from a more critical perspective and an important element of the analysis would be the relationship between the State and the scientific community.

#### **Technology as a Variable: 'appropriate' and 'intermediate' technology**

The citation analysis method leans heavily on the science aspect of science and technology. There is another 'cluster' of approaches which take up the question more directly in terms of technology and its social implications. These go under the labels of 'appropriate' or 'intermediate' technology, where the emphasis is on the development and use of technologies that make a more rational use of local resources, are suitable for decentralised use, are energy-saving, create jobs, and are environmentally sound. The work of Schumacher is prominent in this area but the fundamental conceptual theme has been the 'choice of technique' problem based on the notion of technology as a variable factor in production. Criticisms of this approach have dwelt upon such issues as the nonavailability of a range of techniques to select from, the fact that technical choice is not solely an economic matter, the nongeneralisability of an 'appropriate' technology strategy, and the dubious distributional consequences of this approach within a system of private ownership.<sup>27</sup>

<sup>26</sup> For example, Steven Dedijer, 'Underdeveloped Science in Underdeveloped Countries', *Minerva* (2) 1963; Norman Storer, 'The Internationality of Science and the Nationality of Scientists', *International Social Science Journal* (22) 1970; John Ziman, 'Three Patterns of Research in Developing Countries', *Minerva* 9(1) 1971 and A Salam, 'The Isolation of Scientists in Developing Countries', *Minerva* (4) 1966. A more critical perspective drawing on a Marxist framework is offered by Ramasubbhan, *op. cit.*

<sup>27</sup> Frances Stewart, 'Choice of Techniques in Developing Countries', *Journal of Development Studies* 9(1) October 1972; Charles Cooper, 'Choice of Techniques and Technical Change as Problems in Political Economy', *International Social Science Journal* 25(3) 1973; and David Dickson, *Alternative Technology and the Politics of Technical Change*, London: Fontana, 1974.

Though the terms 'appropriate' and 'intermediate' have been lumped together here, there are some important distinctions. 'Intermediate' technology refers to the possibility of a technical choice somewhere between the very modern capital-intensive technology in use in advanced countries and the labour-intensive extreme that is associated with traditional practice in the Third World. The attempt here is to achieve a compromise that makes some use of the increased productivity offered by technological progress and simultaneously use the cheap labour resources of the Third World. The concept of economic rationality, however, remains unchanged; it is only a matter of a more realistic calculation of the economically optimal choice, and there is in fact no reason why a multinational corporation should not adopt this approach in its overseas technology decisions. The concept of 'appropriateness' has more of a social flavour to it and even though the actual success in its implementation may have been far from satisfactory, the concerns with equity, self-reliance, environmental soundness, meaningful work, and decentralised operation that it espouses are valuable in and of themselves in the elaboration of science and technology development strategies in the Third World.

Nevertheless, there are several serious shortcomings in this approach. Firstly, it lends itself to an emphasis on 'gadgets'—solar pumps, windmills and the like—rather than on the development of technological capabilities and skills. The need for a capital goods sector and for local engineering capacities is left unaddressed when in fact these are crucial requirements for industrialisation. The production of 'appropriate' technologies, their repair and maintenance and their continued improvement (innovation) require a local capital goods sector and engineering capacities. Whether these are more or less labour-intensive or energy-intensive is not as important as whether they contribute to a greater local control over and capacity for technological change and innovation. Too much of an emphasis on 'technique' rather than on the broader need for technological capability can therefore be counter-productive, and the primary concern should not be on what technique is appropriate but what technological capability is appropriate for Africa.

A second related criticism is that many 'appropriate' technologies are not really all that appropriate but are promoted as such by aid agencies and corporations. In this regard, Duhamel<sup>28</sup> scathingly attacks 'appropriate' technology as a form of technological imperialism, a viewpoint

<sup>28</sup> Bernard Duhamel, 'Transfert de Technologie et Technologies de Rupture', in F Yachir, *op. cit.*

with some merit. He cites the example of Mali, where the French have supplied solar-powered pumps for lifting water from the Niger river. He argues that this technology is foreign to Mali and requires French technical assistance, and that in any case it is less economical than a normal diesel pump, particularly when there are unexploited oil fields in the north of Mali.

Thirdly, the 'appropriate' technology concept is not based on a critical assessment of the political and economic dynamics of the system into which it is to be introduced and ultimately views technology as 'neutral'. However, experiences with 'appropriate' technologies such as biogas plants have shown that their benefits accrue disproportionately to the wealthier sections of the population, those who have the cows and lands to utilise the plants effectively in the first place. In this sense, 'appropriate' technologies can serve to reproduce and legitimate existing, often exploitative, social relationships—somewhat contrary to their espoused purpose.

The 'appropriate' technology approach has gathered considerable momentum in Africa, as in other developing regions. Almost every African country has one or more 'appropriate technology development units' which all too often, unfortunately, have become showcases for various new devices—solar cookers, windmills, biogas plants. The actual dissemination and use of these techniques has been marginal.<sup>29</sup> Nevertheless, these efforts do have a valuable potential which can be realised if the undertaking of 'appropriate' technology activities is more closely integrated with the development of technological capacities in the broad sense, which includes capital goods, engineering and repair and maintenance capacities, and more firmly situated within the context of an 'appropriate' industrialisation strategy for Africa.<sup>30</sup>

### Technological Dependence and Industrialisation

Drawing from both the classical economic thought of Adam Smith, Joseph Schumpeter and Karl Marx, as well as the 'dependencia' school,

<sup>29</sup> For some reviews of appropriate technology activities in Africa, see, Ali Haribou, 'Assistance to Six Selected African Countries in the Development of Technologies Relevant to the Problems and Needs of the Rural Population', Report of ECA Mission, (mimeo), ECA, Science and Technology Unit, NRD, Addis Ababa, December 1980; W T Weerakoon, 'Report of the ILO Study Tour Undertaken in Tanzania, Botswana, Swaziland, Lesotho, Zimbabwe and Zambia for Promotion of Cooperation of Appropriate Technology Activities in East and Southern Africa', Technology Development and Advisory Unit, University of Zambia, (mimeo), 1980; and Nicolas Jacquier and Gerard Blanc, *The World of Appropriate Technology: a quantitative analysis*, Paris: OECD Development Centre, 1983.

<sup>30</sup> For an elaboration of the capital goods argument, see Mkwandire, *op. cit.*, and 'Capital Goods, Technological Change and Accumulation in Africa', CODESRIA, Dakar, (mimeo), 1983.

a fresh and more realistic perspective on the subject is illustrated by the work of Cooper, Herrera, Stewart and others.<sup>31</sup> This approach is centred on the concept of technological dependence. The analyses highlight the distortions in the science and technology systems and economies of developing countries, which result in 'inappropriate' forms of R & D and technological choice, the marginalisation of science from production and the manifestation of science as an item of consumption in these societies, rather than as an item of investment. Also analysed is the outward orientation of developing country science communities, making them outposts of advanced country science preoccupied with those research topics defined as important by Western science, regardless of their relevance to local problems. This perspective on technological dependence and marginalisation of science made an extremely important contribution to the understanding of the role of science and technology in developing countries by delineating the structural and political constraints to the development of Third World science and technology and uniting this problem with the larger question of the political economy of development and underdevelopment and the relationships between the centre and the periphery in the global economy.<sup>32</sup>

Its limitation is precisely in its inability to fulfil the promise it offered and to address the question of scientific and technological development in the context of a transition from dependence to political and economic self-reliance. Perhaps this limitation is inherent in the initial purpose of this analysis—to understand the failure of capitalist development in the Third World (notably Latin America). The preoccupation was more with outlining the dimensions of technological dependence with little attention being given to how a strategy of 'self-reliance' might be achieved and what shape it would take. However, the prescriptive output which often took the form of defensive recommendations to 'delink' from the industrialised countries, reduce technological imports and demand more control over foreign technology, did contribute to a variety of adaptive response strategies broadly aimed at making science

<sup>31</sup> Cooper (1974) *op. cit.*; Charles Cooper, 'Science, Technology and Production in the Underdeveloped Countries: an introduction', *Journal of Development Studies* 9(1) October 1972 p 1-8; Amílcar Herrera, 'Social Determinants of Science Policy in Latin America—Explicit Science Policy and Implicit Science Policy', *Journal of Development Studies* 9(1) October 1972; Frances Stewart, *Technology and Underdevelopment*. London: Macmillan, 1977.

<sup>32</sup> For a succinct statement of the dimensions of technological dependence, see, 'Technical Dependence: its nature, consequences and policy implications', (Report by the UNCTAD Secretariat) *Africa Development* 2(2) 1977, pp 27-45.



and technology more relevant to developing countries. The lasting contribution of this analytical approach was in the creation of an awareness of the political, historical, cultural and economic dimensions of science, technology and development and the legitimisation of such notions as self-reliance and technological autonomy.<sup>33</sup> These concepts underlie much of the text of the Lagos Plan of Action and other similar documents and if there have been problems in the implementation of such plans, the cause at least in part is because the analysis was not carried out to its logical conclusion. Perhaps this was inevitable, since it would have entailed confronting the nature of the State in the Third World and its implications for science and technology.<sup>34</sup>

It is also necessary to mention that much of this analytical perspective grew out of the Latin American experience and owed a great deal to the 'autonomous theorisation' about structural dependence that emerged from the region. Its generalisability to other developing regions was not seriously questioned, though there would appear to be a case to the contrary. The experiences of the African and Asian regions are not identical to those of Latin America. For example, Latin American nations have been independent politically much longer than most African nations, and as such, Latin American elites have a longer history and self-consciousness as a social class. There are also crucial cultural and demographic variations. If, indeed, one could subscribe to the notion of homogeneity in the Third World, which would be a requisite for the direct application of such concepts from one region to another, it would be difficult to challenge the manifestly absurd view that presents Hong Kong and Taiwan as models for the rest of the Third World. While there is a common characteristic that the Third World shares in its relationship to the advanced countries, this should not preclude the analysis of context-specific differences within the Third World and the limitations these impose on the transferability of concepts and models without a critical assessment of how they would need to be modified.

While much of the early work on technological dependence dealt with Latin America, there have been increasing efforts to analyse scientific and technological dependence in Africa. The basic premise and

<sup>33</sup> Admittedly, some of these concepts preceded the 'dependency' school, but such an analysis provided them with a fresh and historically relevant meaning.

<sup>34</sup> This is not entirely true. Herrera, *op. cit.*, explicitly discusses the role of the ruling classes in the formulation and orientation of science policy in Latin America and how such policies serve their interests. The point here is that this avenue of analysis does not appear to have been adequately explored to the point where perhaps some suggestions and insights could have been offered for the 'transitional' phase.

approach are the same, but the formulation of the problem is more firmly situated within the context of industrialisation in Africa. The major identified problems in African science and technology—an 'extroverted' research orientation, the isolation of research from the everyday life of the population, and the lack of widespread application of research locally—are the same as elsewhere, but there is a greater concern over how these factors have resulted in a dependent industrialisation process that is unrelated to local needs and ultimately serves the interests of advanced countries.<sup>35</sup>

The concern over technological dependence is inseparable from the concern over what constitutes an appropriate industrialisation strategy and stems to some extent from a growing realisation that neither the conventional capitalist nor socialist patterns are suitable for the African context and that there is a need, in Forje's<sup>36</sup> words, for a 'third way to development'. In the African context, this concept is grounded in a recognised need for the decolonisation of Africa and an appreciation of the serious impediments to self-reliant growth that have resulted from past colonial ties and their present manifestations. In particular, the role of foreign investment through multinational corporations is given considerable attention. Thus, such features of the science and technology system as an overdependence on expatriate expertise, an 'outward' orientation to research and a general lack of relevance of science and technology research and development to African needs are viewed as a consequence of the increasing integration of Africa into the world economy. This process has its roots in colonial times, but now a major role in reproducing the political and economic relationships of dependence and exploitation is played by indigenous African elites, much as in other parts of the Third World. The analyses of technological dependence in Africa reflect these preoccupations with the unique situation of Africa in the global economy, what it implies for industrialisation in Africa, and the role of African elites in this industrialisation process. Yachir<sup>37</sup> emphasises that in Africa, more than in Asia or Latin America, the process of industrialisation is almost exclusively based on imported technologies which carry within them the structure and logic of monopoly capitalism. In another work<sup>38</sup> he criticises the Lagos Plan

<sup>35</sup> Landing Savane, 'The Problems of Scientific and Technological Development in Africa', *Impact of Science on Society* 23(2) 1973

<sup>36</sup> Forje, *op. cit.*

<sup>37</sup> Faycal Yachir, 'Industrialisation et . . .' *op. cit.*

<sup>38</sup> Faycal Yachir, 'A Propos du Plan de Lagos sur la Science et la Technologie', *Africa Development* 7(1-2) 1982.

of Action on similar grounds—that though it seemingly espouses a self-reliant industrialisation process for Africa, a close examination shows that the strategy it endorses is one that lends itself to a dependent form of industrialisation.

The role of the African elite is addressed by Atta-Mills,<sup>39</sup> who emphasises that it is wrong to simply view industrialisation as an imperialist-imposed strategy:

... the explanation for imperialism's successful adaptation, cooptation and control over the industrialisation process in Africa is to be found in the class alliances formed during the anti-colonial struggle, the class character of the post-colonial state and the nature of the industrialisation strategies pursued as a result.<sup>40</sup>

He further argues that, when seen in this light, there is only one process of industrialisation taking place in Africa, a dependent industrialisation, and that this is associated with the State playing a major role in the process.

The role of the State is problematic, though. The absence of a significant indigenous rural-based bourgeoisie which could enter into manufacturing made it incumbent upon the State to play a dominant and direct role in the process of industrialisation, regardless of its own ideology, and with little participation by local private capital. In dealings with foreign sources of investment and technology, therefore, the State is the major actor on the African side; there is no significant private business sector to negotiate directly for technology and capital, even if it were done under the supervision of the State. As a result, in a financial crisis, characterised by balance-of-payments deficits, food shortages, etc., the State willingly or unwillingly makes compromises in its negotiations with sources of foreign technology and capital in order to surmount the crisis and the threat this presents to its own stability. This only leads to further dependence and a continuation of the crisis, and the further integration of the bureaucratic class into the global economy.

A study by Langdon<sup>41</sup> of technology transfer by multinationals is interesting in this regard. After examining the types of issues that are generally of concern in MNC technology transfer—the effect on local innovativeness and capabilities, the economic effects of technology payments, the extent of real transfer of technology, the contribution to employment, and the effect on indigenous entrepreneurship—Langdon

<sup>39</sup> Cadman Atta-Mills, 'Models of Industrialisation in Africa', in Yachir, *op. cit.*

<sup>40</sup> Atta-Mills, *op. cit.*, p 40.

<sup>41</sup> Steven Langdon, 'Technology Transfer by Multinational Corporations in Africa: effects on the economy', *Africa Development* 2(2) April-June 1977.

squarely posits the question in the context of the political economy of African states. In the case of bargaining with the MNCs, Langdon notes that the State often makes major concessions to the corporation in exchange for technology and investment. Two goals seem to influence the bargaining process from the side of the State—a maximisation of capital inflows to counter balance-of-payments constraints, and an increased involvement of Africans in the enterprise as partners or senior executives. This is because:

... the national movements which captured state power at independence have used the structure of the state to underwrite their own embourgeoisement.<sup>42</sup>

Though his analysis is confined mainly to the Kenyan experience, it has more general implications. Simply stated, the dominant socioeconomic groups in the country find it desirable, if not essential for their stability as a class, to enter into relationships with MNCs and other sources of foreign investment on terms that may not be in the best interests of the country and its population in the long term. Whether this is the price that must be paid for the consolidation of the State or whether there is a 'third option' is a question that begs for further study, because the problem is not simply one of a choice between capitalism or socialism, but of understanding how, given these constraints, a country can undertake a process of self-reliant industrialisation.

In this context, the development and implementation of a science and technology policy is not simply a matter of doing the right kind of planning and analysis, but is fundamentally a question of whether the State apparatus is strong enough and stable enough to be able to accomplish this goal, and whether the State is 'independent' enough of external influence to be able to articulate a meaningful self-reliant policy.

Langdon's, Atta-Mills' and Yachir's analyses reveal a fundamental structural dilemma in African nations, the tension between self-reliant industrialisation and nation building. Many African countries are still struggling with the problem of consolidating the nation-state, which is often weak and vulnerable. The elite have a major role to play in this process and the question is what particular model of industrialisation can they adopt which is feasible, desirable as well as not threatening to the stability of the State. The options therefore become very limited, and the tendency to 'lean' on external support grows with the fear of internal dissent and instability. In some countries, such as Tanzania, an explicit attempt to try to reconcile this dilemma—i.e. to try to

<sup>42</sup> Langdon, *op. cit.*, p 106.

implement a model of self-reliant growth and simultaneously undertake the task of nation building has resulted in tensions and hostility from outside, because, one could argue, such an exercise is inherently opposed to the dynamics of the international economic system, which is so fundamentally based on the continued integration of the 'periphery' and which therefore is threatened by the seemingly 'isolationist' stand that such a strategy expresses. The question of 'delinking' from the global economy therefore is not a matter of choice, but a matter of how feasible it is given the distribution of power and wealth in the world.

Though both Atta-Mills and Yachir point to the need for a self-reliant strategy for industrialisation, neither is able to present one except in the broadest terms.<sup>43</sup> There is little said about how such a process could be undertaken and it becomes necessary to ask fundamental questions about the nature of 'self-reliance', since it is proving so intractable to define. Benachenou<sup>44</sup> makes a preliminary effort, arguing that a policy of collective self-reliance will only be possible if there is a simultaneous undertaking in several countries by social forces with an interest in it. Further, the concept poses a problem in the domain of technology, because the definition of the role and place of each country within this strategy (especially with respect to the location of a capital goods sector) would be difficult. Finally, he points out that self-reliance must address the problem of adaptation of industrial products and techniques to meet the needs of agriculture, since, without the social and economic liberation of the rural masses, self-reliance would be an empty concept. The fundamental question for Benachenou therefore is how a group of countries can organise a progressive use of technology in the industrial sector leading to an industrialisation process at the service of agriculture. For him, this is not a technical question but one concerning the relationship between the State and the people—in other words, the relationship between the State and civil society.

Benachenou, in a related work<sup>45</sup>, discusses the increasingly military nature of research in the advanced countries and the lack of relevance of this research to the Third World's problems. In this regard, it is interesting to note the extent of military expenditure in African

<sup>43</sup> Atta-Mills argues that such an option is utopian because the social forces with an interest in this strategy are not yet a significant political force in any African country. However, this should not preclude the exploration of the content of such a strategy, even if one has to wait for the time when it can be implemented.

<sup>44</sup> Abdellatif Benachenou, 'Division Internationale du Travail et Formes de Consommation des Techniques en Afrique', in Yachir (ed), *op. cit.*

<sup>45</sup> Benachenou, 'L'autonomie technologique . . .' *op. cit.*

countries—by no means unrelated to defence expenditures in the advanced countries: 25 per cent of total government functional expenditures in Chad were for defence; 20 per cent in Somalia, 21 per cent in Upper Volta, 23 per cent in Guinea-Bissau, 33 per cent in Niger, 18 per cent in Kenya, 32 per cent in Zambia, 27 per cent in Cameroun, and 17 per cent in Ivory Coast.<sup>46</sup> Thus, the problem of civil society must also be seen in terms of the increasing militarisation of the State in Africa.

While these are extremely tentative ideas, they represent a beginning in our understanding of how self-reliance can be achieved in the African context and we can draw some preliminary conclusions about the nature of self-reliance from the preceding discussion on dependence and industrialisation. The first is that the capital goods sector's development is essential. In Africa, it represents only 5 per cent of manufacturing activities<sup>47</sup> and this weakness is a crucial contributing factor to dependent industrialisation.<sup>48</sup> Key concerns here are what shape the capital goods sector should take, and what barriers exist to its development. Secondly, popular participation and addressing the needs of the poorer rural masses must be central to self-reliance. This may sound rosy and utopian but it has a practical implication in that technology choices and product choices should be made with regard to rural needs and demands. It also underlines the point that self-reliance is not simply a matter of national autonomy, but of independence for the population at large. Thirdly, self-reliance is not necessarily an immediately accomplishable goal but must be approached in the context of a transition from dependence to autonomy. The framework for present decisions and policies about industrialisation need to be based on the envisaged and desired character of this transition and not on the assumption of a continuation of the present status quo, nor of an immediate realisation of self-reliant industrialisation. Fourthly, self-reliant industrialisation in Africa of necessity entails collective action by African nations and must therefore address the practicalities of such cooperation. Finally, this process has to be addressed with an explicit recognition of the opposing process of militarisation. Apart from the moral aspects, militarisation has powerful implications for science, technology and industrialisation. Even if self-reliance were to be

<sup>46</sup> World Bank, *op. cit.*

<sup>47</sup> UNIDO, *Metal-Working Industries in Developing Countries of Africa*, United Nations, New York, 1980.

<sup>48</sup> Mkwandire, *op. cit.*

achieved in non-military industrial activity, this would easily be offset by an increased dependence on military R & D and hardware.

### **Implications for Research and Policy Analysis**

An underlying argument throughout this paper has been that our knowledge of science and technology in Africa is meagre. However, a research and intellectual capacity in this area, especially within Africa, would appear to be an essential prerequisite for self-reliance, because autonomy in science technology and industrialisation requires an indigenous theoretical, methodological and empirical tradition of research and analysis of these problems in addition to autonomy in the material sphere. The research activities of CODESRIA, the science and technology units of the Economic Commission for Africa and the Organisation of African Unity, as well as efforts in various national research institutes are extremely significant in this respect and what is needed is a strengthening and promotion of these activities and further research on some of the issues raised in this paper, to contribute to both policy analysis and theoretical understanding of science and technology in Africa.

#### **Policy Research and Analysis**

The Lagos Plan of Action, despite its shortcomings, offers a valuable reference frame for policy-oriented research and indeed such research could contribute to the effective implementation of the Plan. There are several important needs in this regard. Firstly, the systematic collection of data on scientific and technological activities at all levels of the economy, along with the development of methodologies to deal with current data inadequacies are needed. There are sources of information such as national development plans, the records of various aid agencies, data bases in advanced countries and various research reports that contain important and useful information on science and technology in Africa that can be fruitfully tapped while a more long-term effort is being made to develop an on-going data collection mechanism.

In terms of research, analyses of the barriers to the implementation of science and technology policy is essential. There is a common misconception in many developing countries that once a policy is formulated, its implementation will be without problems. This is far from true and the real strength of a science and technology policy lies in how explicitly

it is designed in recognition of the barriers to its implementation—institutional, financial, political, cultural and historical. Alongside this is the need to develop analytical techniques specifically tailored to policy formulation in the African context and in the context of the desired pattern of industrialisation. Policy analysis does not logically flow from the establishment of a science and technology policy unit but requires a well developed set of analytical techniques and methodological tools in order to establish priorities and design programmes. Important here is the development of criteria for priority identification in science and technology since this has too often been done in a haphazard fashion.

A special emphasis is needed on the role of the capital goods sector in Africa—its existing structure and capacity, the barriers to its development and the role of the public and private sectors in its growth.<sup>49</sup> The experiences of some of the more industrialised African nations could offer valuable insights in this regard. Also needed are analyses of the differences in the science and technology systems in various African nations and their relationship with the larger economy in order to more clearly understand the opportunities and constraints to intraregional cooperation.

The implications of new technologies such as microelectronics and biotechnology deserve careful analysis because their potential impacts are still not clear. The forecasting and assessment of the impacts of these technologies on African economies is essential if whatever opportunities they may offer are to be exploited and whatever threats they pose are to be averted.<sup>50</sup> Conversely, much more research is needed into the potential of traditional technology in Africa. Traditional knowledge can have immense value for self-reliant development but has often been suppressed by modern science and technology. The 'recovery'<sup>51</sup> of these bodies of knowledge and their application to development can significantly enhance indigenous industrialisation. Anthropological research in particular can make important contributions here.

<sup>49</sup> See CODESRIA, 'Capital Goods', *op cit.*, for a detailed research programme on the capital goods sector in Africa.

<sup>50</sup> The United Nations Centre for Science and Technology for Development (UNCSTD), New York, has launched an Advance Technology Alert System to assist developing countries in identifying and assessing the potential impacts of new technologies.

<sup>51</sup> The term is borrowed from Francisco Sagasti, 'Towards Endogenous Science and Technology for Another Development', *Technological Forecasting and Social Change* (16) pp 321–30, 1980.



**Research on Science and Technology in Africa**

At a more theoretical level, the relationship between the State and the science and technology system has been discussed earlier, but far more analysis is needed. Of special concern here is the dynamic between the bureaucracy of the State and civil society and the role the State does or should play in the industrialisation process. Secondly, theoretical models of science, technology and industrialisation in Africa need to be developed along the lines of the analyses of dependent industrialisation described earlier. These will not only have conceptual value but will be important in the training of science and technology policy researchers.<sup>52</sup> Such analyses should not be confined by disciplinary bounds, but draw on the diversity of various perspectives. Finally, there is a need for comparative research on the experiences of various developing countries, African and non-African in science and technology. The cases of Brazil, India, Argentina, South Korea and China are particularly important, not because they have been extremely successful in developing scientific and technological capabilities or represent 'models' to imitate, but because they are prominent in the science and technology map of the Third World.

<sup>52</sup> The International Development Research Centre (IDRC) of Canada has supported training workshops on science and technology policy research in Africa. The courses offered at the University of Dar es Salaam (see David Wield and Carol Barker, 'Course Bibliography: science, technology and development', *Social Studies of Science* (8) pp 385-95, 1978) is also relevant in this regard. Unfortunately, both relied heavily on theories and research materials produced outside Africa and it would appear desirable to have a larger African content at this key theoretical level.

## **Militarisation and the New International Anarchy**

### **Order or Anarchy?**

It is characteristic of political rhetoric that people talk of international order when what stares them in the face is anarchy. The world is passing through a crisis the like of which it has not known since World War II. The anarchy of capitalism has plunged it into global economic crisis. At the same time the fracturing of the international political order has already brought war to the Third World. The ultimate form of anarchy would be nuclear war. Many experts now regard this as a real possibility, even a probability, in a way that they did not in the balmier days of détente.

We all know that nuclear war would result in several million deaths, cause immense damage to the natural and physical environment and perhaps even lead to the ultimate extinction of human life on our planet.<sup>1</sup> Yet there exist few systematic studies of what one can describe as the economic and political collateral effects upon the global order.<sup>2</sup> The economic disruption would be immense. Where could OPEC sell its oil or the NICs their manufactures? From whom would the poorest countries of the Sahel receive economic assistance? How, then, would their economies survive? The political consequences would be equally catastrophic, for there would almost certainly be secondary wars and the disintegration of entire nation-states in every region of the world.

The two major dimensions of the crisis, the recession in capitalism and the fracturing of the international political order, cannot be analysed separately. Yet it is symptomatic of our present condition that they are kept apart, both in academic discourse and in the day-to-day business of international relations. For example, in none of the major international negotiations since the early 1970s concerning a New International Economic Order has control of the global arms race or of the international transfer of weapons figured on the agenda. The two

<sup>1</sup> The most compelling account of the likely effects of nuclear war on the natural environment is Jonathan Schell's *The Fate of the Earth*, London: Picador, 1982.

<sup>2</sup> See the special issue of *Ambio, a Journal of the Human Environment* (Royal Swedish Academy of Sciences), No. 2-3, 1982, notably Yves Laulan, 'Economic Consequences: back to the dark ages'

Brandt Reports were the first major international development reports to tackle the relationship between disarmament and development seriously. Yet their treatment of the topic is brief, providing little more than a review of the costs of armament and the benefits that could presumably be obtained from lower global military expenditures. There is no analysis of armament as one of the 'deep structures' of the present international order; nor of the role of military force in establishing and maintaining that order.

Equally, the negotiations on the international balance of power—the strategic balance—have proceeded in apparent innocence of the effects of the arms race on the global economy or of the part played by force in determining access to the world's economic resources. Here, again, the literature has concentrated heavily upon the interior logic of the arms race (deterrence, flexible response, counterforce, arms limitation, etc.) and on the traditional concerns of diplomacy (the alliance systems, the Cold War, the Middle East, etc.), paying insufficient attention to their origin in the economic and political conditions of our time.

Moreover, it has been exceedingly difficult for critics to shake the strategic consensus. The report of the Palme Commission<sup>3</sup> (whose membership overlaps with the Brandt Commission) was the first major critique to emerge from within the whale, from a group of prominent individuals many of whom have operated within that consensus. Yet for all that it has had relatively little political impact. The same may be said of the important report of the UN group of experts on disarmament and development.<sup>4</sup>

### The Second Arms Race

There is, moreover, a second arms race, one that has been engulfing the Third World. Nuclear weapons represent less than a fifth of the value of total global military expenditure. So-called conventional armaments are also increasing and a growing proportion of world military production is exported to the Third World. It is in the Third World that virtually all the wars fought since World War II have taken place. And a substantial proportion of the major powers' own military spending is

<sup>3</sup> The Report of the Independent Commission on Disarmament and Security issues under the Chairmanship of Olof Palme, *Common Security: a programme for disarmament*, London: Pan 1982.

<sup>4</sup> United Nations, *Study on the Relationship between Disarmament and Development: Report of the Secretary-General* (A/36/356, 5 October 1981). A good popular summary of the report is provided by Clyde Sanger, *Safe and Sound: disarmament and development in the eighties*, Ottawa: Denequ, 1982.

devoted to the creation of 'intervention' or 'rapid deployment' forces explicitly designed for intervention in Third World conflicts.

I do not think the separation that has occurred between the military and the economic analysis of our crisis is purely accidental. The world order that is collapsing around us has indeed depended on such a separation. The system of international economic management established after World War II (the so-called Bretton Woods System) was meant to be self-regulating, governed by the laws of the international market place and supervised through institutions (like the IMF, the World Bank and the machinery of GATT) that were independent of control by any single capitalist state.

This system operated smoothly only so long as (up to the late 1960s) American capital remained dominant in the global economy; and the dull compulsions of the market were protected by American military power. Yet the fiction of an autonomous economic order, in which firms and states abide by the impartial rules of the market-place, was extremely important in re-establishing the international economy after World War II and in legitimising the continued exploitation of the Third World within it. Like most successful ideologies it had some basis in reality. The laws of the market-place did indeed have a certain autonomy, relative to their main shareholder and political enforcer. But it is precisely the emergence, through the operation of these laws, of alternative poles of accumulation, in Europe, the Far East and the OPEC countries, that helped to precipitate the existing economic and strategic orders into crisis.

### **The Supremacy of the Cold War**

The realm of strategy, too, has been preserved apart, not so much through conscious decisions, as with Bretton Woods, as by a progression of inertias in the state systems of the big powers. As far as the United States was concerned, a strategic order dominated until the early 1960s by American military power was the necessary corollary of Bretton Woods. Since then both superpowers have struggled (for separate, but related reasons) to preserve their monopoly of the Cold War, in spite of the redistribution from them of world economic resources; the United States because such leverage as it still preserves over the global economic system depends in part on its strategic monopoly, the USSR because a multipolar strategic world would be altogether more threatening than one in which she had to confront a single capitalist superpower.

Thus, in marked contrast to the expanding circle of nations drawn into negotiating a New International Economic Order, the strategic order is still very much in the hands of the superpowers. Almost all the major negotiations on the arms race in recent years (the SALT and START negotiations, the talks concerning Euro-missiles and even the abortive negotiations to limit conventional arms transfers to the Third World) have been bilateral between the United States and the USSR. Only in regard to such matters as the political aspects of détente (including the Helsinki Agreement), nuclear testing and non-proliferation (the Test Ban and NPT Treaty), and weapons not yet in the arsenals of the powers (the Biological Warfare Convention and the negotiations concerning chemical weapons) have multilateral negotiations occurred; but in none of these instances has the central strategic balance been directly at stake.

The autonomy of the strategic dimension has deep historical roots. They are to be found in the radical separation that arose in capitalist formations between economic forms of coercion, exercised through the market, and non-economic forms, monopolised by the State. From this separation have grown the professional military establishment and the other branches of the coercive apparatus of the State, together with their support systems of arms suppliers, bureaucrats, and so on. Indeed, the contemporary arms race arises not just from a cycle of superpower action and reaction, but also from the internal momentum of the military sectors within each of the major powers. Strategy is an ideology that both directs and protects that momentum. It does so by redescribing it in terms of the 'technical' necessities of war, such as the need to maintain balances of forces, to match alliances, and to preserve territorial gains. It functions as much to legitimise the claims made by the military sector on society's resources (its demands for men, money, weapons and sharing of the risk of extermination) as to prepare the actual conduct of war.

### **How Military Spending is Rising**

World military expenditure was between \$700 billion and \$750 billion in 1982.<sup>5</sup> During the 1970s it had moved up at between two and two-and-a-half per cent in volume terms every year, slightly less than in the 1960s. During the entire period from the mid 1950s to the late 1970s it had lagged consistently behind the growth in total world

<sup>5</sup> Stockholm International Peace Research Association, *World Armaments and Disarmament: SIPRI Yearbook 1983*, London: Taylor and Francis, 1983.

economic output. However, by the end of the 1970s it was increasing much more sharply. Over the four years 1978-82 the rate of increase was 3.8 per cent a year in volume terms, compared with 2.2 per cent a year in the preceding four-year period.

At the same time there have occurred significant changes in the composition of global military spending (Figure 1). The military expenditures of members of the NATO alliance have passed through a series of cyclical upswings during times of crisis, followed by periods of stagnation, as during the aftermath of the Vietnam War. Those of the members of the Warsaw Pact in contrast, have tended to rise steadily but undramatically.

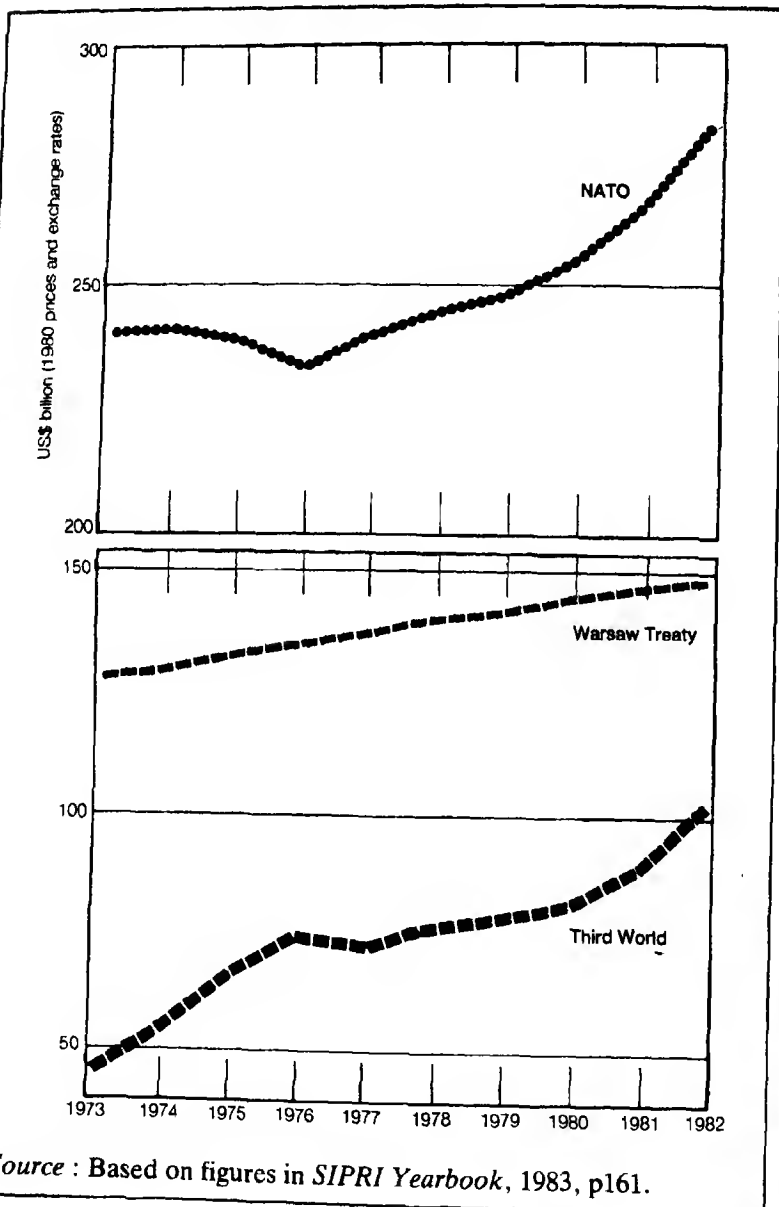
The major new element in the current situation is the sharp cyclical upswing in NATO and, in particular, United States military spending. Far from being a response to an immediate crisis, such as the corresponding rises during the Korean and Vietnam Wars, it is in danger of precipitating such a crisis. Its effect on the global situation is all the more serious because it coincides with a deep recession in the international economy.

Another important trend is the growth in Third World military spending, which outpaces global increases. Whereas this spending had represented only four-and-a-half per cent of the world total in 1960, it had increased to some sixteen per cent of this total by 1980. Whilst it remains small by comparison with that of the major powers, it is nevertheless a major diversion of resources from development. It too has followed a cyclical path, being influenced in particular by the two oil shocks of the 1970s. Yet the military spending of the non-oil developing countries has also increased, albeit not as sharply as that of the members of OPEC.

The decision by the governments of the United States and the NATO alliance to set in motion a major programme of rearmament, combined with continued recession, make it likely that the growth of military expenditure will exceed that in world output during most of the 1980s. In defence of this decision it is claimed that rises in Warsaw Pact spending have shifted the strategic balance against the West. Rearmament thus cannot be avoided and may ultimately indeed reduce the risk of war. The costs will certainly be high, it is argued, but the expenditure may have some counter-recessionary impact. In any case, global rearmament cannot be held responsible for the recession, which has quite other causes.

But weapons are not like corn or transistor radios. An absolute

**Figure 1 : NATO, Warsaw Treaty Organisation and Third World Military Expenditures 1973-1982**



increase in the stock of destructive capacity embodied in them is an increase in the ability to devastate, threaten or repress. It is true that the Soviet Union has achieved rough parity in the strategic balance, which it did not previously enjoy. But it does not follow that there has been a corresponding reduction in the security of the West, still less of global security. Moreover, the argument that military expenditures maintain the strategic balance presupposes that the security of nations can be measured in terms of their stockpiles of weapons, which is questionable, to say the very least.

It can be conceded that, before the current increases were put into effect, spending on arms was a smaller share of total world output than at any time since the early 1950s. But the economic impact of armament cannot be assessed by simply comparing military expenditure with aggregate output within a limited time-frame. It is through its effect on the sectoral composition of that output, and on the international distribution of resources between rich and poor countries, that armament has contributed to the economic crisis. The available empirical evidence<sup>6</sup> does not support the view that military spending is likely in the current economic situation to have a counter-recessionary impact, but rather the reverse.

### The Warfare System

In a recent discussion, Edward Thompson has advanced the concept of 'exterminism', a configuration of social forces around the Bomb which has thrust the major powers 'in a direction whose outcome must be the extermination of multitudes'.<sup>7</sup> Starting with apparently rational purposes—to advance capitalism, to protect socialism, to deter attack or to prevent war—the major powers have accumulated vast stockpiles of weapons which serve none of these ends. The means of warfare have displaced its original goals. For the 'superpowers which have been locked, for thirty years, in the postures of military confrontation, increasingly adopt militaristic characteristics in their economies, their polity and their culture'.<sup>8</sup> The effect is 'a non-dialectical contradiction, a

<sup>6</sup> Convenient summaries of this evidence are Dan Smith and Ron Smith, *The Economics of Militarism*, London: Pluto Press, 1983, and Robert W DeGrasse Jr, *Military Expansion and Economic Decline*, New York: Council on Economic Priorities, 1983.

<sup>7</sup> Edward Thompson, 'Notes on Exterminism: the last stages of civilisation', *New Left Review*, (121) May-June 1980, reprinted in Edward Thompson, et al., *Exterminism and Cold War*, London: Verso, 1982, p 20.

<sup>8</sup> *Ibid.*, p 15.



state of absolute antagonism, in which both powers grow through confrontation, and which can only be resolved by mutual extermination'.<sup>9</sup>

Mary Kaldor in a subsequent article argues that the arms race arises out of the prevailing mode of warfare and, closely related to the latter, the organisation of the production of weapons. Unlike other commodities, weapons do not enter the market-place, as it were, 'where society, in the form of individual buyers and sellers, daily makes its judgement about "How much is enough"'.<sup>10</sup> There exists instead a crude and episodic form of commensuration for armaments—namely war. But even this is removed when weapons, like the Bomb, become too destructive to be used.

Both Thompson and Kaldor stress that the arms race deepens the economic crisis, both in capitalist and socialist social formations. The direct cost of armaments—the deduction from surpluses that would otherwise be available for investment or consumption—is immense and yet again on the increase. No longer can it be argued, as in the era of imperialism, that warfare and the preparation for it have a positive effect by subjecting new parts of the world to the process of capital accumulation. Nor, in a recession characterised by a *combination* of inflation and stagnating real output, can it be said that military expenditures are counter-cyclical. Indeed, 'the practice of cost accounting, of awarding fictional profits to the military industries artificially reverses the priorities of capital, shifting resources from productive to non-productive branches of industry instead of the other way round. In other words, it entrenches and does not overcome the disproportionality between different branches of production that lies at the heart of the crisis'.<sup>11</sup>

These arguments are more than an analysis of the arms race and its effects. They are also the foundation of a significant political position. If the arms race has taken on an autonomous momentum and if, as Mary Kaldor puts it still more starkly 'at least on the Western side . . . it can be explained entirely without reference to an opponent',<sup>12</sup> it follows that unilateral disarmament makes sense and can be pursued independently of other political goals (though not necessarily in total isolation from them).

<sup>9</sup> *Ibid.*, p 24.

<sup>10</sup> Mary Kaldor, 'Warfare and Capitalism', in Thompson *et al.*, *op. cit.*, pp 261–2.

<sup>11</sup> *Ibid.*, p 277.

<sup>12</sup> *Ibid.*, p 274.

Moreover, if the contention that military spending aggravates the recession is correct, arms reduction is a goal around which broad international support could be mobilised. Indeed a number of the more far-sighted supporters of the established international order have already lent their weight to limited, albeit insufficient, initiatives in this direction.<sup>13</sup> The latter include the adoption of a 'no first use' (of nuclear weapons) policy; a 'nuclear freeze' (on the development and deployment of new weapons); the Palme Commission's proposal for a nuclear weapons-free buffer zone between the NATO and Warsaw Pact forces in Europe; and the Brandt Commission's appeal for a reallocation of resources from military spending to development assistance.

The case for arms reduction is thus compelling. But it still tends to be presented in terms of the sectoral anarchy of armament, rather than the global anarchy of imperialism. In discussing the arms race, however, we are talking not just about stockpiles of weapons but also about confrontations of political forces. Those who support disarmament must come to terms with the fact that they are at the same time challenging the alliance systems of the most powerful capitalist and socialist states. The proposals to cut world military spending and transfer resources to development which were made so forcefully at the two UN Special Sessions on Disarmament would involve much more than an exercise in redistribution. For they would necessarily imply a disengagement of internationally dominant classes and groups from entrenched positions in their own societies, in their alliance systems and in the Third World, that they would not readily abandon.

The arms race has reacted back upon the contemporary social formations of capitalism and communism, restructuring them around the continuing fractures of the Cold War. Indeed, in the communist bloc the influence of the warfare system penetrates just as deep as in the West. This is partly a consequence of the traumatic history of the USSR since the Russian Revolution; and it is partly because military competition with the West has demanded a higher proportion of the socialist countries' smaller resources. 'Actually existing socialism'<sup>14</sup> is deeply scarred as a consequence. Efforts (as in Poland and previously in Czechoslovakia and Hungary) to turn it into something more like

<sup>13</sup> The proponents of such measures have tended to be divided over whether they should be implemented unilaterally or multilaterally by common agreement between the powers. The differences between them are often exaggerated, however; and it may well be more fruitful to argue that unilateral initiatives are required to set a process of multilateral negotiation in motion.

<sup>14</sup> The phrase originated by Rudolph Bahro in *The Socialist Alternative in Eastern Europe*, London: Verso, 1978.

'socialism as it ought to be' have time and again been frustrated through a system that is simultaneously both the beneficiary and the casualty of the Cold War.

The contradiction to which Edward Thompson refers is non-dialectical, not only because the only apparent resolution is mutual extermination, but also because it tends to frustrate rather than advance change at each of the two poles of the international order; undermining the liberal institutions of the capitalist State and, standing in the way of efforts to democratise and transform socialism in the communist countries.

### **The Mapping of Crisis**

The current global crisis is shaped by four main configurations of forces. First, the arms race itself. Second, the international class struggle polarised around the capitalist and socialist blocs. Third, the fracture between exploiting North and exploited South. Fourth, the complex divisions between states and nations. Lastly, the crises in the international division of labour that underly the recession in the global economy.

If one could produce a strategic map of the world it would seem abstract, containing little more than configurations of weapons, territory and resources. It would show a world split between two main poles of military power, the United States and the USSR; a central fracture across Europe; a set of alliances either side of the fracture; two sets of client states scattered through the globe, but linked to either side by transfers of weapons; a 'grey area' of unappropriated global real estate in between;<sup>15</sup> and very few centres of military power independent of the two major alliance systems.

An ideological map would have much the same contours, although it would describe more fully the major differences in economic and political organisation that lie each side of the split between the blocs. Starting from the basic distinction between socialism and capitalism, it would undertake the far more difficult task of depicting socialism and capitalism as they actually exist in the contemporary world. It would also differentiate more the political character of the Third World in between the blocs. The 'grey areas' of the strategists would no longer look so grey.

<sup>15</sup> 'Grey area' is the term which the former US Secretary of Defence, James R Schlesinger, prefers to 'Third World': see 'Third World Conflict and International Security in the 1980s', *Survival* (November–December 1980), p 277

A map of the North and the South would portray the concentration of wealth in the industrial world and of poverty in the developing countries. It would describe the flow of weapons, aid and investment towards the developing countries, and the transfer of profits and raw materials to the North. The poverty of the South would probably be shown as in some respects the consequence of its relationships with the North. The international class struggle might be redescribed in terms of the geographical fracture between proletarian nations in the South and bourgeois nations which exploit them.<sup>18</sup> A more detailed version of the map, however, would differentiate among countries and regions sharing differing positions in the international division of labour—the NICs, the oil surplus countries, the mineral exporters, the agricultural producers and the poverty-stricken, resource-poor regions. It would thus call in question whether one can define a single 'South' or 'Third World'. It would also draw attention to the emergence of regional concentrations of poverty and unemployment within the developed 'North' itself.

The configuration of nationalities and states would look more like the maps in the old-fashioned school atlas, with their array of different colours and flags. For the historical differences between nation states are remarkably persistent. They cut across the ideological map, as in the Sino-Soviet rift or the differences now emerging within the Atlantic Alliance. They threaten the fragile political unity of the South and they are in turn cross-cut by other reference points for political identity: nation, religion, language, region and ethnicity. Such 'primordial' identities are constantly manipulated by ruling classes to reinforce their hegemony, as well as by those seeking to replace them in power or in more extreme cases to undermine the State itself. The situation is still further complicated by the transmission of such struggles across existing state boundaries, as in the current resurgence of political Islam.

An economic map, finally, would show the countries of the world as participating in a single global economy, competing yet interdependent. It would be a multipolar world with new centres of accumulation, Japan and some of the newly industrialised countries (NICs), arising alongside the faltering economies of the United States, the USSR, and the old industrial countries of Western Europe. The communist countries would be somewhat to the side of the picture, with their own internal system of economic exchange, being less fully integrated into the global economy which is primarily capitalist. The exploitation of the Third

<sup>18</sup> See Claude Ake, *Revolutionary Pressures in Africa*, London: Zed Press, 1979.

World in the international division of labour would remain upon the map, being depicted as primarily a relation between the developing countries and the process of accumulation in the capitalist North. Above all, it would be a dynamic map, constantly changing as the economic crisis breaks in on new sectors, regions and national economies.

The central task of explanation is to show how these maps fit together. It is as if one were making a lithograph by superimposing one print upon another. The difference is that lithographs lie still, whilst superimposed strategic, political and economic contradictions bubble through each other with explosive effect. If there is anything which provides a central dynamic it is the shifting process of accumulation in the global economy. It is as the world moves into economic crisis that the underlying weakness of its political and strategic arrangements become exposed.

### **The Third World and the Cold War**

The emergence of new social forces in the Third World is another important reason for the revival of the Cold War. Through a whole range of situations—the Vietnam War, the liberation struggles in Southern Africa, the Iranian Revolution, the conflicts in Eritrea and Afghanistan, OPEC's success in raising oil prices, the demands for a New International Economic Order—the big powers, especially, but not only, the Western powers, have had their global predominance challenged. The common threads which pull these events together are hard to discern because the Third World is so heterogenous. But one common factor is the redirection of the nationalism, which had earlier led to decolonisation, into demands for a redistribution of global economic resources. Another has been the impact on fragile developing economies of the global economic crisis. This has increased the urgency of the demands for a New International Economic Order, while simultaneously weakening and dividing Third World states, making it harder for them to press those demands upon the industrial North. The emergence of major cleavages within OPEC and its inability in the present phase of the recession to control production and prices is particularly symptomatic of these difficulties.

At the same time, the global crisis has led to a whole series of upheavals against the established state structures and ruling classes in the Third World: of demands for a real second independence in contrast to the neocolonial relationships established during the first formal

independence. In many instances, however, this revolutionary energy has been channelled into ethnic, regional or religious revolt, as in the Iranian Revolution or Eritrea. Few Third World revolutions after China, Cuba and Vietnam have brought about lasting social transformation. Moreover the ability of those who lead them to ensure their own survival, let alone export revolution elsewhere is very limited. Their dependence on assistance from the socialist bloc is considerable.

### **Export of Counter-Revolution**

Moreover, change in the Third World is also checked by the ability of the Western powers to export counter-revolution: through their arms sales and military assistance to client states; their intelligence operations and destabilisations of left-wing regimes; and their direct military intervention in the Third World, which is again on the increase following the relative restraint of the post-Vietnam years. Just as important as their military activities, however, has been the massive economic influence exercised through trade, aid, investment and, increasingly, through the indebtedness of Third World States to the international banking system.

In spite of all the obstacles confronting it, the Third World has achieved a fragile political unity and loose common institutions such as those of the Group of 77. Yet the concrete gains of a decade of negotiating a New International Economic Order are meagre. Only the members of OPEC and some of the NICs have obtained anything substantial and the gains of the former are fast disappearing.

But to stop at this would be seriously to underestimate the way in which events have consistently frustrated the efforts of the world powers to control the ruling classes, the economies and the external relations of the Third World. This has been a far from peaceful process. Virtually all the armed conflicts which have occurred since World War II have been in developing countries (see Table 1). A significant proportion have been struggles against one form or another of foreign domination, although there have also been several conflicts pitting Third World States against each other or against their own citizens. The human costs have been enormous. Many struggles have been mercilessly crushed with outside help. And the costs of Third World militarisation have borne most heavily upon poorest economies. Yet there is no doubt that significant adjustments in global power have taken place.

Western strategic and political analysis tends to force these developments back into the categories and assumptions of the Cold War.

**Table 1: Armed Conflicts 1967-76**

Regional Distribution			Foreign Involvement	
	Number of Wars	Years spent at War	Number of Wars	Years spent at War
Europe	5	14	United States	27 97
Asia	35	150	Former Colonisers	38 160
Middle East	36	72	Socialist Countries	6 21
Africa	21	94	Other Third World	
Latin America	23	39	Countries	17 60

Source: Istvan Kende, 'Wars of Ten Years (1967-76)', *Journal of Peace Research* 15(3) 1978.

Struggles against internal tyrannies or foreign domination are an increase in 'instability' or 'turbulence'. This instability is attributed jointly to Soviet penetration and the end of the *Pax Americana* which had previously kept the Third World in its place.<sup>17</sup> The West's loss of control was allegedly increased by détente and the reversal of the previous policy of 'containment'. NATO and the United States must rebuild their military strength, it is argued, including their intervention forces, and these must be prepared to take part in Third World conflicts. A 'resurgent America' will be more capable of asserting its global interests from a position of clear military superiority.<sup>18</sup> Its allies in Western Europe, such as Britain and France, must likewise rearm and be prepared to reassume part of their formal imperial responsibilities as the guarantors of global political order.

In reality, however, it is doubtful whether the Third World is any more (or less) unstable than at any time since World War II. All that has changed is that foreign powers, although still very much present in the

<sup>17</sup> James R Schlesinger, *op. cit.*

<sup>18</sup> Robert W Tucker, 'The Purpose of American Power', *Foreign Affairs*, (Winter 1980-81).

Third World, are much less sure of their ability to control its future. The West feels that it has borne the brunt of the change because it benefited most in the past from easy and cheap access to Third World energy and raw materials.

To be sure, the communist countries have also intervened in Third World conflicts and have done so more frequently recently than in the past. The most important of their interventions have been on behalf of national liberation movements of beleaguered progressive regimes, such as Cuba, Vietnam, Angola or Mozambique. But they have also sought alliances which cut across ideological lines. On occasion they have even pitted themselves against the ferment of Third World rebellion, as in Eritrea or Afghanistan.

But it is simply untrue that the Soviet Union and its allies have moved into the imperial space vacated by the former colonial powers and the United States. Indeed, in some regions such as the Middle East they have suffered significant reverses. The broad trend has been a decline in Western control rather than a corresponding increase in communist influence. The fact that ruling classes in the Third World have access to (and equally can reject) assistance from the communist bloc (with a few exceptions such as Afghanistan and, more doubtfully, Cambodia) enlarges their autonomy from the old imperialism, rather than subjecting them to a new domination. It is this which Cold War ideology systematically obscures.

That Cold War warriors should misinterpret such trends is not surprising. What is far more worrying is that the new geopolitics has legitimised a restructuring of relations with the Third World, based on military force. The Carter Doctrine put forward by President Carter in 1980 in his State of the Union address—consciously modelled on the Truman Doctrine which initiated the Cold War<sup>19</sup>—emphasised that the United States would use force, if necessary, to protect its vital interests in the Persian Gulf. It has been followed by a spate of pronouncements about the military protection of oil supplies, raw materials and sea lines of communication in the annual Military Posture Statements of the US Joint Chiefs of Staff and similar official documents. Such doctrines are given teeth by the Rapid Deployment Force, established by President Carter in 1980, expanded to up to 200,000 men by President Reagan, and recently upgraded to the status of a fully independent command, the US Central Command. And it is clear from the recent episodes in

<sup>19</sup> Zbigniew Brzezinski, *Power and Principle: memoirs of the national security adviser*, New York: Farrar, Strauss, Giroux, 1983, pp 443–54.



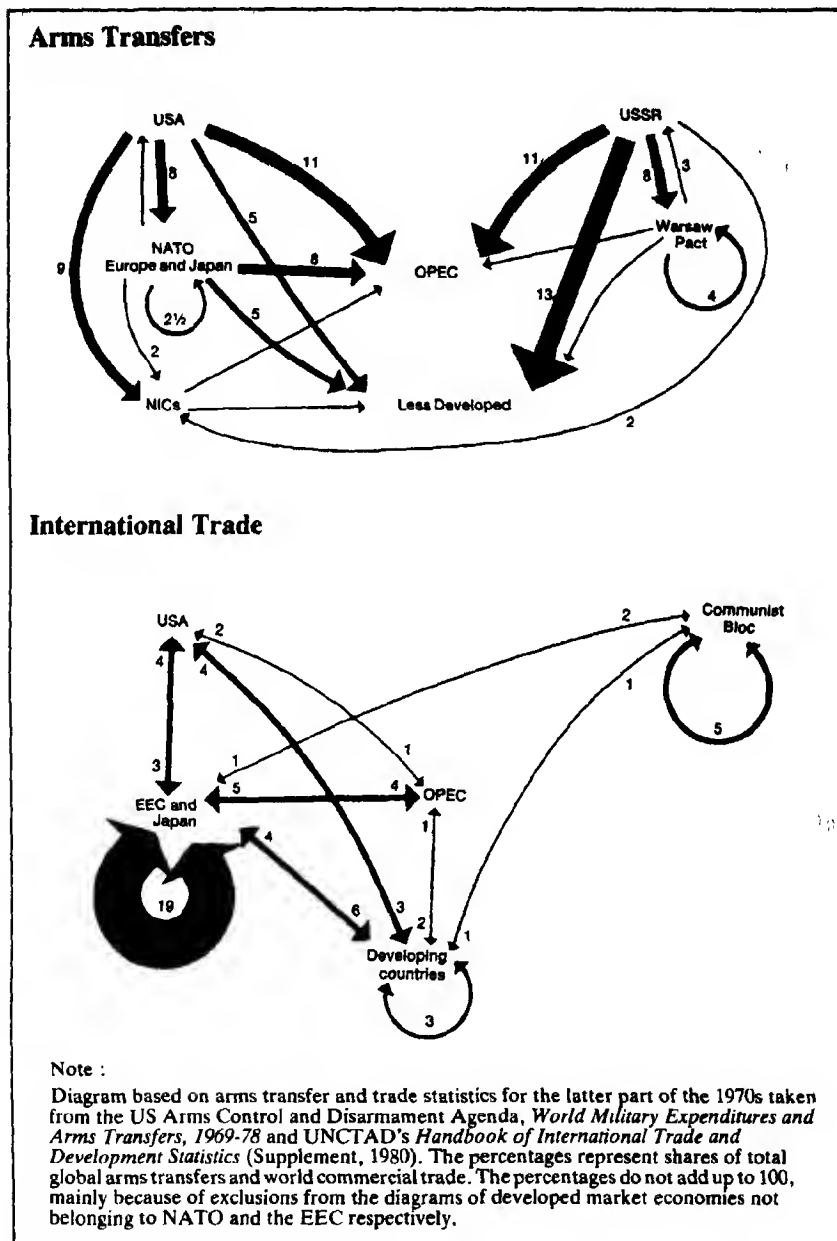
the Falklands/Malvinas, Grenada and the Lebanon, that the Western powers are shedding what inhibitions they may previously have had about intervening militarily in so-called 'out of area' conflicts in the Third World.

### **Armaments and the International Division of Labour**

How are the changes just described—the arms race, the new Cold War and the struggles in the Third World—related to the global economic crisis? In the first place it is because an exploitative international division of labour gives rise to conflict. Secondly, important shifts have been taking place within that division of labour, including the lagging productivity of the United States economy and the development of new poles of capitalist accumulation in Western Europe, Japan and the newly industrialising countries (NICs). Thirdly, there are the disparities between this changing international division of labour and the distribution of military power within an international strategic order still largely dominated by the superpowers. And, finally, the established mechanisms for regulating the international economy have been breaking down under the impact of the crisis, increasing the tendency to use military force to settle disputes and reallocate resources.

A useful way of describing the interconnections and the contradictions between the strategic and the economic orders is to juxtapose the flow of trade with that of armaments, as in Figure 2. Arms transfers illustrate the hierarchical and bipolar nature of the international strategic order. The trade in weapons is unidirectional, from the two superpowers and Western Europe to the Third World periphery. Even in the relationship between the US and Europe and Japan there is little symmetry in the notorious 'one-way street' of American weapons to the allies.

In contrast, the international trade flow is heavily concentrated within the capitalist 'free-world'; but inside its boundaries it is more symmetrical and more multicentric, with the lion's share of world trade taking place among the Western countries belonging to the OECD. Trade flows, however, provide an incomplete picture. They understate the respective shares of the United States and the USSR in global economic activity, because their internal markets are large relative to their foreign trade. They do not sufficiently emphasise the predominance of American multinational capital within the global economy. A similar diagram of international investment would portray the economic weight of the United States more fully, although still

**Figure 2 : Flow of Arms compared with International Trade**

depicting an economic order that is multipolar and capitalist, rather than split between West and East.

### **Trends in the Arms Trade**

These are, however, static comparisons, whereas the global economy has been in a state of constant change and increasing crisis. In some respects the arms trade has reflected the main trends in the international division of labour, though in others it has deviated from them. Much the greater part of arms exports are towards countries with substantial international earnings with which they can be purchased: the OECD, OPEC and the NICs. Furthermore, they have tended to fluctuate in accordance with the international distribution of these earnings, most notoriously in the case of the 're-cycling' of OPEC oil revenues through arms sales to the Middle East.<sup>20</sup> The West's military trade has been especially responsive to international economic conditions, relatively little of it taking place with the poorer non-OPEC, non-NIC developing countries.

In contrast, the USSR's share of the international arms market has been considerably larger than its share of international non-military trade. In part this is because of the comparative advantage of the military sector in the Soviet economy. The USSR's arms exports have been more competitive than its industrial exports, and its military aid has been larger and more effective than its other aid programmes. The USSR has been much the most important military provider of the poorer developing countries, those most exploited within the international economy and with the most urgent need to de-link their economies from it. At the same time, however, it has been well able to sell in the highly competitive markets of the oil surplus countries, such as Libya, Algeria and Iraq.

### **Weapons and the Economic Crisis**

The production and international trade in weapons not only aggravate the world economic crisis through the recessionary effects of military spending in the capitalist North. They also support an international division of labour which impedes the growth of global output and its redistribution to those who are most seriously at risk from the crisis (the poor and unemployed in the rich countries and the poorer 'proletarian nations' in the Third World).

During the long post-war boom which came to an end in the early

<sup>20</sup> S Chan, 'The Consequences of Expensive Oil on Arms Transfers', *Journal of Peace Research*, 17(3) 1980, has used a regression model to confirm this hypothesis.

1970s, military expenditure had not seriously interfered with the growth of the world economy. However, it had contributed to the United States' decline relative to its industrial competitors, to a weaker dollar (because of high American military spending abroad), and to the breakdown of the international financial arrangements created at Bretton Woods. At the same time, military force had protected an international division of labour under which capital (particularly that of American multinational companies) was internationalised and production relocated towards Europe, Japan and the newly industrialising countries in the Third World. This use of force had taken two forms. First, there was direct military intervention: the attempts of the late 1940s and early 1950s to 'contain' communism and the counter-insurgency measures of the 1960s. And, secondly, there was the transfer of weapons, for the most part on concessionary terms, to Third World governments.

In the first phase of the 1970s' recession, as we have seen earlier, the military expenditures of the Western countries did not (in real terms) increase, limiting the potential recessionary effects on their economies. In part this was due to the implementation of the policy of *détente*, and in part because the United States was reluctant to commit itself to military intervention in the Third World after the fiasco of Vietnam. Instead of using force directly, the Western powers preferred to increase their arms transfers. These took place on predominantly commercial terms, in contrast to the subsidies that were provided in earlier years. Not only did the sale of arms help the West recycle the funds which OPEC had secured through its control over oil supplies: they also subsidised its arms industries, which were in difficulty because of the reduction in the NATO countries' own military procurement.

### Shifting the Costs of the Recession

In both respects, therefore, arms sales helped to shift some of the cost of the recession from the West to the Third World. Moreover, they remained a prime instrument of political influence. After Vietnam, the so-called 'Nixon' or 'Guam' doctrine provided the political rationale for American arms transfers. America's clients, initially in South-east Asia and later elsewhere in the Third World, were to be encouraged to become 'self-reliant' (a parody of development ideology) by buying American weapons to provide for their own defence.<sup>21</sup> In this way their

<sup>21</sup> See, in particular, Guy J Pauker, *et al.*, *In Search of Self-Reliance: US security assistance to the Third World under the Nixon Doctrine* (Rand Corporation, R-1092-APRA, 1973).

ruling classes would be strengthened and their economies' subordination in the international division of labour secured.

The second phase of the recession which began in the late 1970s has been more dangerous from every point of view. For inflation and stagnating real output in the capitalist economies is now *combined* with a massive increase in armament. This was initiated by NATO's 1977 decision to increase military spending by 3 per cent per annum in real terms, and has been followed by still larger increases in military spending in the United States under both the Carter and Reagan administrations. Such expenditure has added to inflationary pressure and indeed appears to conflict directly with the monetarist policies presently being implemented both in the United States and Britain.

The United States and its Western partners have been losing control over the international economy, at a time when the latter is becoming dangerously volatile and their own national economies have been moving into recession. During the past two decades they have attempted many times to develop international mechanisms through which their management of the international economy could be re-established. None of these attempts has succeeded, partly because of the inherent difficulty of the task and partly because the Western powers have been unable to agree among themselves about what to do.

The deeper the crisis in the economic order and in the efforts to renegotiate it, the greater the temptation to use force in place of negotiation. The more so because rearmament helps the West to shift the burden of the crisis on to other shoulders. There are a number of possible benefits in it for the shifting coalitions which comprise the ruling classes in the United States and its allies. Rearmament permits the re-emergence of the military-industrial complex after the loss of influence it suffered during the Vietnam War and the Watergate crisis (the irony of Watergate being that it cleared the ground for such a re-emergence). It legitimises the repression of 'unpatriotic' domestic dissent. It provides a set of symbolic adversaries (the picturesque combination of oil producers and international communism) on to whom the blame for domestic recession and unemployment can be transferred.

Inside the NATO alliance the Soviet threat and the positioning of 'theatre' nuclear weapons in Europe serve to re-emphasise Western Europe's dependence on the United States for its security; and conversely, of course, that of Eastern Europe upon the Soviet Union. Internationally, the basis is laid for more aggressive foreign policies

based on the direct use of force to protect markets, energy and raw materials, as under the Carter Doctrine and the new geopolitical concerns which permeated Western strategy in the 1980s.

### **Illusion of Superiority**

It is an illusion, of course, that the United States can regain the military superiority it possessed in the 1960s, and equally so that the Rapid Deployment Force (now the US Central Command) can provide protection for oil supplies and other Western economic interests in the Third World.<sup>22</sup> To this extent there is a deep irrationality in the behaviour of the American leadership. It is an irrationality which often characterises ruling classes in decline, being particularly well exemplified by Britain's shrill patriotism during the Falklands/Malvinas crisis. Nevertheless, military expansion is also a rational response to the extent that the United States still possesses a comparative advantage in the military sector and that its economy is larger and less dependent on world trade than its rivals and thus more capable of absorbing the costs of increased military spending and of global recession. The US can only extract full benefit from this comparative advantage if other countries increase their military expenditures by comparable amounts. Hence the importance of the NATO's three per cent (although not all the allies have felt able during the recession to honour it), of persuading West Germany and Japan to assume larger shares of their own defence burdens, and of the one-way street in the international transfer of weapons from the United States to Europe.

American leaders have (usually) emphasised that rearmament is a way of outcompeting the Soviet Union; and have down-played the competition it sets up with its own allies. In reality, both kinds of competition are intertwined, although it is exclusively by reference to the former (the Cold War with the Soviet Union) that military spending is legitimised.

The advantages of the arms race to the Soviet Union are less clear. It is true that the military sector is virtually the only one in which it can compete internationally. However, it has been less directly affected by the global economic recession (a planned and relatively self-sufficient economy being easier to insulate from international economic condi-

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<sup>22</sup> The reverse may indeed be the case. See Abdul Kasim Mansur (*pseud.*) 'The American Threat to Saudi Arabia', *Survival* 23(1) January-February 1981, reprinted from *Armed Forces Journal International*.

tions) and, hence, less tempted to rearm to get itself through recession. Moreover the Soviet Union is at a clear disadvantage relative to the United States in that it has to pay for its armament out of a much smaller aggregate domestic product. To maintain a comparable military effort it has to place a far greater burden on its domestic economy. There may thus be a grain of truth in the view put forward by Western Cold Warriors that the arms race weakens the Soviet economy; and hence provides the West with a means of outcompeting communism.

### **The Prospects for Change**

In conclusion, not only does the arms race deepen the recession, it bears disproportionately on the Third World. The latter is at increasing risk from outright intervention by the powers. Its military expenditures have risen faster on the whole than those of the industrial North. The increases, moreover, have not been limited to the beneficiaries of oil surpluses or the relocation of industrial production to the NICs. It has also included many of the world's poorest countries. These have suffered most from the recession and the oil price rises, yet have been dragged into regional arms races by the pressures of the big powers and by the military preparations made by their wealthier neighbours.

It is clear that neither the arms race nor the recession can be controlled without a major reordering of the present international anarchy. Yet it is exceedingly difficult to make realistic proposals for international change. The problems are well illustrated in the reports of the Brandt Commission. It will be recalled that these propose a major transfer of resources from North to South through aid, investment and trade; an expansion of liquidity through the international banking system to ease Third World debt burdens; a reduction in the burden of world military spending; and reforms in the institutions of international economic management that would facilitate greater participation in them by the South. The argument is that such reforms would benefit the North as much as they would the South. For the international maldistribution of resources which constrains productivity and purchasing power in the South, by the same token limits the markets and expansion of the North.

The problem with such proposals is that, as one critic puts it, 'the practical procedures for implementing them remain, in technical terms, unexplored and mostly at variance with the demands of power relations and established interests in the world economy. Interdependence

between North and South does not imply mutuality of interests'.<sup>29</sup> Nationally-dominant classes may benefit from a sub-optimal allocation of resources or even from recession within a national economy, as perhaps in Reagan's United States, Thatcher's Britain, or Pinochet's Chile. And the national economies of hegemonic States and of powerful classes and corporate interests (like international banks or arms firms) in these States may benefit from an allocation of resources which is suboptimal for the world economy as a whole. Such interests tend to be protected by military force.

Equally it is unrealistic to propose arms limitation, as in the report of the Palme Commission, without considering by whom arms are utilised and for what purposes. Even if military spending and the maldistribution of resources and spending power between North and South are fetters on the expansion of the world economy, they may well still be in the interest of powerful groups in the North. And even if one could implement the Brandt and Palme reports through some dramatic shift in the balance of political forces in the North, their recommendations would not necessarily be welcome to all interests in the South. Nor, indeed, can one assume that a Keynesian strategy for the regeneration of international capitalism, such as outlined in the Brandt Report, would increase the welfare of the poor in the Third World more than alternative strategies for autocentric or socialist development. I do not wish to argue either that international change is undesirable or that it is impossible; but rather that it will require a lengthy struggle during which many difficult political choices will have to be made.

<sup>29</sup> Constantine Vaitsos, 'International Keynesianism, World Business Activities and National Development: comments on aspects of the Brandt Report', *IDS Bulletin*, 12(2) April 1981.



## **Global Negotiations: path to the future or dead-end street?\***

North-South negotiations are now nearly three decades old. It was at the Bandung Afro-Asian conference in Indonesia in 1955 that the developing countries began to call for redefinition of the relationship between what came to be known later as the 'North' and the 'South'. The new countries of the developing world—many of whom gained national independence in the late 1950s and early 1960s—not only wanted equal participation in the international political system but they started asking for far-reaching changes that would lead to a 'more equitable' international economic system.

Although the idea of reforming the international economic system evolved over a long period of time, it was the success of OPEC in raising oil prices in the early 1970s that led the developing countries aggressively to demand fundamental reforms in the international economic system. OPEC's success in increasing oil prices and the attempt by some of its members to use oil as a political weapon had a significant impact on both the developed and developing countries. It suggested to both sides that the South can wield a rather formidable economic power if and when it is united.

In the early 1970s, the developing nations introduced the idea of a New International Economic Order (NIEO). The Third World countries questioned the fundamental premises of the present international order and hoped that their proposals would correct inequalities, redress existing injustices and permit them the opportunity to participate in reforming the existing system and in shaping their destinies. As a result, there have been since the early 1970s multiple negotiations between the developed and the developing countries on a wide range of issues and in many different forums.

\* This paper is based on and draws from a project of the Overseas Development Council, Washington DC which included seven case studies of specific North-South negotiations conducted during the last decade. The project, which was directed by Professor Zartman, was generously supported by the Rockefeller Foundation. A book containing the case studies will be published in 1984. Amha Selassie of the Overseas Development Council made a major contribution to the drafting of this paper

1983 marked the end of a decade of intensive negotiations between the developing countries of the South and the developed countries of the North. It was the tenth anniversary of the meeting of the nonaligned countries in Algiers which issued the Charter of Economic Rights and Duties of States, that called for a New International Economic Order, which in turn gave rise to an intensive and unprecedented set of North-South negotiations. It is now time, therefore, to take stock and to see what can be learned from these negotiations.

North-South negotiations already have been extensively analysed elsewhere. The focus of almost all of these studies, however, has either been on the politics or economics of the issues or on specific problems such as commodities, trade, and debt.<sup>1</sup>

This article assesses the reasons for the seeming stalemate in North-South negotiations and examines analytically not only the 'centre ring' negotiations such as the Conference on International Economic Cooperation (CIEO) or the UN's Committee of the Whole (COW), but other equally important negotiations such as the Multifibre Arrangement (MFA) or the International Wheat Agreement.

Our analysis is based on several assumptions. The first is that North-South negotiations of various kinds will continue to be a feature of the 1980s and 1990s. These negotiations will be unavoidable because the developing countries are of increasing economic and political importance to the North; because they are much more numerous and dominate international forums from where they will continue to exert pressure for more negotiations; and because they have a well-founded sense of grievance and are pressing for a greater share of benefits and power within the international system.

The second assumption is that lessons can be learned from negotiation theory and the experiences of actual negotiations that can explain the negotiating behaviour of the parties and that can provide useful procedural guidance for future negotiations.

The third assumption is that North-South negotiations do not have to be a zero-sum game. Both sides earn benefit from restructuring the current international economic system. The needs of the developing countries are obvious, but the North, particularly given the current world economic problems, also needs a new international economic order just as much as the South.

<sup>1</sup> The major exception is *The North-South Dialogue: making it work*. Report by a Commonwealth Group of Experts, Commonwealth Secretariat, London, 1982. The study reviews the negotiating process between North and South, examines the principal obstacles in the negotiations, and suggests improvement to overcome or reduce the obstacles.

### **First Questions**

Before examining the contributions of negotiating theory, there are several issues which must be discussed. These include whether or not the 'North' and the 'South' are terms reflecting reality, the question of whether these issues are truly negotiable, and the related issue of whether or not some degree of power has shifted from the industrial countries to the developing world.

During the last decade North-South negotiations have been very diverse. They have ranged from global issues that affect almost all countries (like Committee of the Whole) to quite specific discussions (such as the Multifibre Arrangement); from universal participation (the Law of the Sea Conference) to representational (Conference on International Economic Cooperation); from successes (the Lomé Convention) to dismal failures (Conference on International Economic Cooperation).

Some observers in the developed countries maintain that a North-South division is unreal and that North-South negotiations therefore do not reflect reality. They base their conclusions on the wide and growing diversity among developing countries. It is true that at times it almost seems as though North-South negotiations were carefully structured not to come to any agreement. But North-South negotiations will continue if only because both sides take them seriously enough to be obliged to continue. Although there are differences on the issues to be discussed and the locus for discussions, there is no doubting the fact that negotiations between the North and the South in one form or another are here to stay.

But although the dialogue will continue in one form or another, there is no escaping the fact that the positions and expectations of the developed and developing countries are fundamentally different. The North, by and large, is satisfied with the status quo and feels that the international system is working well and does not need major restructuring. The predominant view is that changes must be gradual and marginal. Most developing countries, on the other hand, feel precisely the opposite. They maintain that the present economic order systematically discriminates against them and denies them equality of opportunity. The South argues that the international economic system—with all its mechanisms and decisionmaking institutions—was created to serve the needs of the industrialised countries and lacks the capacity to respond to the needs and interests of the poor countries. Since most of the Southern countries were not represented at the creation of the

present order, they feel that the system does not allow them to receive an adequate share of the benefits and power. Moreover, there has been a strong subtheme in their presentation that the North 'owes' the South a debt due to past exploitation. Hence the far-reaching proposals to change radically the present international economic system.

In addition to the differences over the content and extent of the negotiations, the choice of forum for negotiations has also been a source of differences. The South wishes to negotiate in the universal forums, where decisions are made on the basis of one country, one vote, for the simple reason that they command the majority of the votes. It prefers, therefore, to locate discussion in the United Nations, particularly in the General Assembly. It also wants multipurpose and comprehensive negotiations that deal with a wide variety of issues simultaneously.

The North, on the other hand, wishes to negotiate issues in the forums where voting power reflects economic reality and where it has substantial influence and control. It therefore emphasises the World Bank and the International Monetary Fund as forums for negotiations on financial and monetary issues. It also prefers negotiations that deal with specific issues and has been reluctant to enter into negotiations whose agendas include a range of international economic issues. Both sets of differences—the objectives and forums of negotiations—have greatly contributed to the current stalemate in North-South negotiations.

There are, of course, differences of opinion on the above issues among the Northern and Southern countries themselves. The Nordic countries and the Netherlands, for example, have been more interested in accommodating to the proposals of the developing countries than, say, the United States or West Germany. There have also been differences of attitude and approach among the developing countries. While the radical countries among them have been pressing for more fundamental and far-reaching changes in the international economic system, the moderate states have been willing to accept more limited and gradual changes. In fact, differences *among* developing countries have often been a major factor in negotiations. For instance, the developing countries that had been most successful in tapping commercial credit markets in the industrial world refused to allow discussion of debt moratoria for fear it would affect their credit ratings.

In spite of the difference of opinion about the objectives and locus of the negotiations and repeated failures and frustrations, both sides have continued to carry on the discussion, to discuss the issues, and in some

instances to negotiate seriously. Contrary to the views of many people who thought that North-South negotiations were dead after the failure of CIEC between 1975 and 1977 and later on after the impasses at the Committee of the Whole between 1977 and 1980, negotiations on various aspects of the NIEO issues have continued in various forums. For example, trade negotiations took place in the Multilateral Trade Negotiations in Geneva in 1979 and at the GATT meeting in 1982. Debt issues have been discussed at UNCTAD and other forums, and monetary issues have been negotiated within the international financial institutions. These activities as well as the emerging political and economic circumstances in the world indicate that negotiations between the developed and developing countries will remain an important aspect of international relations in the decade ahead.

### **The Issue of Negotiability**

Given these differences, some observers have raised the question of whether or not the NIEO issues essentially are negotiable. They argue that, since the developing countries are working for a redistribution of wealth, income and power and since they do not have the ability to impose costs or to offer immediate benefits, the industrialised countries should not and need not negotiate. The proponents of this view maintain that the present economic system works quite well and should not be tampered with. They view the demands of the developing countries as empty rhetoric and North-South negotiations as impossible, undesirable, and unnecessary.

There is a growing sense in the North, however, stimulated by the current global recession, that both sides can benefit from the outcomes of North-South negotiations. Although the present international economic system, which was created after the Second World War, has served the world rather well, they contend that it is time to improve and change some aspects of it. They argue that it is now time to reform the system so that it reflects the new economic and political importance of the developing countries. In addition to justice and fairness, a reform of the system, they maintain, is necessary if the world is to avoid serious economic and political dislocations. With growing interdependence between the North and the South, they argue that both parties will benefit if they solve their common problems by negotiation rather than confrontation.

Of course, no party negotiates unless it wants to, i.e. unless the costs of not negotiating are higher than those of negotiating. But negotiating

does not necessarily mean that all parties want to reach an agreement either. Indeed, some parties participate simply to be able to stall any agreement. Issues are negotiable only if one rejects the idea of the total conversion of one party to the views of the other. The issue therefore becomes how much change has to be made in the positions of both sides in order to get the parties to negotiate. The need is to formulate the possibilities of a favourable outcome and to change the perception of non-negotiability. It is here that the analysis of the negotiating process is important, and it is such an analysis which is the purpose of this article.

Negotiations, it is said, are essentially reflections or ratifications of shifts in power between two parties. The important question is whether or not power has shifted to some degree from North to South in the last few decades. Many in the industrialised countries believe that there has been no significant shift of power and that the North can ignore Southern demands without incurring substantial costs. Others argue that the question of the shift of power should not be raised at all. They point out the fact that the South has become an important part of the international economic system and believe that the North cannot ignore the South's interests and demands for long without incurring substantial cost.

The South clearly now has more weight in the global economy than it did three decades ago, and in some areas—most notably in energy—it has considerable importance. The South also is an important market for the exports of goods and capital of the North and an essential supplier of a wide range of raw materials, including strategic commodities. The Southern countries also become important participants in international finance, particularly as major borrowers from commercial banks in the industrial world. Indeed, the importance of the South for the North has increased so much in the last two decades that growth or lack of it in the South directly influences the rate of growth in the North.<sup>2</sup>

In short, while the difficulties in defining power and in quantifying it make it hard to say how much power has shifted from North to South, there is no doubting the fact that the South is more important and more powerful now than a generation ago. The very fact that the two sides have come to sit down and negotiate on various issues is in and of itself an evidence of some shift in power in favour of the South. The North

<sup>2</sup> See John W Sewell, 'Can the North Prosper Without Growth and Progress in the South?' in *The United States and World Development: agenda 1979*, Overseas Development Council, Washington DC: 1979, pp 45–76; John P Lewis, 'Can We Escape the Path of Mutual Injury?' in *US Foreign Policy and the Third World: agenda 1983*, Overseas Development Council, Washington DC: 1983, pp 7–48.



recognises this and the recognition is implicit in its continuing feeling that it has to respond by participating in the negotiations. In any event, the South collectively certainly has the power to block agreements the North considers important, as it did in the case of the International Wheat Agreement. For purposes of negotiating, however, the issue should not be so much one of power transfer as one of power sharing. In sharing power, the gains of one party are not necessarily translated as a loss to the other. The gains can be important to both the stronger and the weaker parties even if they do not result in a fundamental restructuring of the relationship.

**The Negotiating Process: what can be learned from theory?**

North-South encounters are full of exhortation. Much of the literature is occupied by one side telling the other, in beguiling or condemning tones, how it should behave for the greater good of mankind, while the other side spends a somewhat smaller portion of the debate telling how this is not so. The thesis of this article is that something might be learned as well from the process by which North and South seek to resolve the problems of economic order. A better understanding of the negotiation process can permit an understanding of how better to conduct North-South negotiations.

The focus on process is admittedly unusual—indeed, perplexingly so. War is studied and taught as a process, as are love, cooking, tennis, and expository writing. Why then is it so hard to focus on the process of negotiation and learn from past performance, rather than getting stuck on substantive positioning and debates? The question may be only intellectually (rather than practically) interesting, but it may also bring some insights with its answer. Negotiation is not usually studied because it is caught among three more common deterministic explanations—economic, political, and moral. Much of the discussion on North-South matters is carried on (primarily by the North) in terms of established economic mechanisms with determinate outcomes—comparative advantage, supply and demand, pricing, etc. The rest of the discussion in the North is in terms of simple power determinacies, in which the stronger parties decide and the weaker lack even the choice of rejection. In the South, discussion is usually in equally determinate terms of morality, according to which what must happen is what should happen.

Determinacy does not kill debate, as any economist, political scientist, or philosopher knows, but it does deflect attention from

process. Outcomes are the subject of debate rather than the business of getting to them. Yet, as every ball player knows, how you play the game has much to do with whether you win or lose. Process dominates—even if it does not determine—outcome. For instance, the ‘parliamentary negotiations’ which marked the Law of the Sea negotiations helped to determine the agreements finally reached as a result of that long process. And since the economic, political, and moral determinants of outcomes are less sure than their advocates would have us believe and are in any case mutually contradictory, it is worthwhile to focus on the process of negotiation, in which economic, political, and moral factors all have a rightful place.

### **Characterising the Process**

Like many other procedures, negotiation has serious implications for substance. To say that a problem is to be negotiated or solved by negotiation is not to say that two points of view can simply be glued together to form an outcome, or that one point of view is to be adopted over the other, or that both sides will lay aside conflict and practise cooperation. Negotiation is a mere continuation of policy by other means. The means chosen have costs and implications, however, which impinge on the unaltered continuation of policy. A party’s policy preferences are essentially unilateral creations, designed to further aims and handle problems, and are frequently in conflict with other parties’ unilateral policies. Negotiation is joint decisionmaking in which unilateral positions in conflict are turned into multilateral decisions that are deemed preferable by the parties on the combined basis of cost, goals, and effectiveness. In order to examine some of the implications of this process, it is appropriate to highlight its most important, and frequently paradoxical, characteristics.

The most important characteristic of negotiation is that it is a creative process aimed at providing the parties with a preferred outcome. No party will agree to a negotiated or multilateral outcome, or even agree to negotiate for one, if it is not seen as preferable to the outcomes attainable by going it alone. Unilateral action may simply not be able to solve the problem, and hence be ineffective, or it may be able to attain its goals only at high cost, and hence be inefficient, but these elements will be weighed against the cost of not overcoming the problem and the viability of the present situations, and also against the benefits to be gained by a unilateral outcome. Preferability calculations must take into account the relations among these four points; for example, a margi-



nally preferable multilateral outcome may not be attractive enough to outweigh a current non-solution viewed as viable. But negotiating parties also have an opportunity in such calculations, since they can seize on the elements to improve and sell their proposals. Negotiation can therefore be seen as a combination of competitive efforts by parties to offer outcomes to each other that are sufficiently preferable over unilateral outcomes to gain their support.

The competing characteristic of negotiation is that it is an alternative means to a policy end. Parties first judge preferability of outcomes by constant objectives and criteria. Negotiating opponents may push back these objectives to prior levels and into previous referents but they are unlikely to change their nature; thus, negotiators can help other parties see alternative means of achieving their ends. Yet parties can be expected to resist, for diplomatic personnel receive their basic credits for effectively defending their country's policies, resulting in a foreign policy debate that is essentially one of attack and defence. In these kinds of interaction, diplomats are conducting barrage diplomacy on fixed targets—shooting at the other's positions and fortifying their own. An improvement in prospects for negotiations is effected when diplomats turn from position warfare to mobile warfare, attempting to get the other party to move from its fixed positions to one more favourable to the first party. When both parties begin to seek movement rather than defence, meeting at a common position becomes possible (even if not predictable).

Negotiation takes place when there are not agreed terms of trade (that is, when there is no agreement on how much of what one party wants is required to pay for how much of what the other wants) and its main purpose is to establish such terms of trade. Even in the most positive and cooperative encounters, when a new good is created by the sole act of multilateral agreement, the conflictual task remains that of distributing the benefits of agreement—that is, deciding how much of what one party gets is worth how much of what the other party gets—and this is a terms-of-trade exercise. Terms of trade are established when items are exchanged: items valued highly by one party and less costly to the other are exchanged for items valued highly by the other and less costly to the first. The more the items fall into two separate and equivalent piles the greater the chances of agreement. When items are divided, the terms of trade become more difficult to arrange and depend on agreed principles of justice. In the latter case, process may become even more important, since concessions from initially posited systems of

justice may determine an outcome quite distinct from any notions of justice that established the starting points. Furthermore, concession behaviour frequently has its own norms and signals and may break down for procedural as well as substantive reasons.

Negotiation also is a reflection of power and a register of power changes. To some observers, negotiation is nothing more than a ratification of power positions, as already suggested, although to more discerning analysts there is a margin of tactical power than can be exercised in consonance with particular power positions to produce secondary changes in them. No analysis has shown that negotiation can be used to effect major changes in power positions, although it can give structure to changes that have already taken place or are in the process of doing so. In a more dynamic sense, negotiation can provide structures and institutions to handle ongoing changes in power relations and allow for transitions which might otherwise prove unmanageable and disruptive. Thus, in power terms, negotiation has a past and future dimension in regard to power position and a present dimension in regard to tactics of power. Parties in negotiation often trade off present against future positions: negotiation frequently takes place when a dominant power is slipping and a weaker party rising in power, and the former negotiates to maintain some of its privileges before it loses everything while the latter negotiates to consolidate its gains rather than holding out over the longrun for additional—but costly—advantages. Power is the fundamental consideration in negotiations, underlying other basic values such as well-being, interests, and even existence, and it is not traded loosely. Exhortations are part of the process of changing perceptions of power shifts, but they are rarely sufficient; conflict, tests of strength, and suffering are almost always required to bring home the message, with all the problems of countermeasures and embittered feelings that such encounters imply.

Negotiation is persuasion. It involves changing views of suspicious, resistant individuals and transmitting such changes through institutional groups and networks structured to resist change. Three characteristics of negotiation which set it aside from other decisionmaking processes underlie its peculiar nature as a problem in persuasion: variable values, side payments, and partial information. Negotiators come to negotiations with different and uncertain evaluations of various items, events, ingredients, and outcomes under discussion, rather than with fixed positions. Even the scope of discussions is fluid, enabling negotiators to set aside items too intractable to be the subject of agreement and to

bring in items strictly extraneous to the problem but useful as side payments for other concessions. Negotiators deal with uncertainty; not only are values flexible, but information about them can be manipulated tactically and even misleadingly, or, in other instances, can be sought, expanded cooperatively and creatively to expand the terrain of possible agreement. Furthermore, as in any exercise of persuasion, positions can be altered by bringing out their future implications, by attaching contingent deprivations and gratifications. Such contingencies can depend on the action of the persuading party, through his use of threats and promises, or they can be nonvolitional and inherent in the position itself, indicated through the use of warnings and predictions. In either set of cases, the deprivation and gratifications are not self-evident but must be convincingly conveyed to the other party if they are to be effective in bringing about a change in his position.

Finally, in terms of the immediate encounter and also of the broader evolutionary context in which it fits, negotiation is a problem of timing. If it did not matter *when* the parties agreed, it would not matter whether they agreed at all. Time has its costs, and so parties negotiate their cost-resistances against each other. Negotiations come to a successful conclusion when the parties are convinced they have arrived at the best deal possible from the other party and when that deal is better than no agreement. This means that it is in each party's interest to make an offer the other cannot refuse just before the negotiation is about to end for a procedural reason—just before an external deadline is lowered, or just before the other party is about to break off and go home. This, in turn, implies a fine sense of timing. Unless there is a sense of a clear rise in time costs—an external or internal deadline—negotiations can go on forever. But time costs rest on three analytically discernible elements that are hard to separate in reality: the procedural rhythm of the negotiations, the substantive discount rates of the items under discussion, and the long-range evolution of the relative power and fortunes of the parties. It is an unusual encounter that benefits from a coincidence of all three.

Thus negotiation can be analysed as six different problems—a creation problem, a defence problem, a bargaining problem, a power problem, a persuasion problem, and a timing problem—each to be solved according to its own theoretical components. All can be applied to the analysis of a common negotiating process that runs through three phases: diagnosis, formulation, and elaboration. On the basis of this understanding of the negotiation process and its various

natures, we can turn to some operational lessons for North-South negotiators.

### **Improving the Process**

This section addresses the question of how the North and the South can improve the process of negotiations. It is drawn mainly from an analysis of negotiations in general but more particularly from seven case studies of North-South negotiations over the last decade that were analysed in a series of seminars at the Overseas Development Council (ODC).

Schematically, suggestions for better negotiation merely indicate that each of its basic three phases should be developed to the utmost—that the diagnostic phase be devoted to a fuller preparation of information, that the formulation phase be used for the satisfactory development of a common definition of the problem and of an acceptable solution, and that the elaboration phase be used for the balanced implementation of the formula in detail in the jointly best terms possible.

### **Developing a Better Information Base**

North-South negotiations have usually been based on a highly inadequate information base. There often has been a chronic lack of basic information on the issues under negotiation, and at times this has prevented the parties from reaching an agreement. This is true of both the North and the South, but it is particularly serious for the South. Even if they are technically qualified, Southern negotiators are often too busy to undertake the time-consuming work to assemble the necessary statistical and technical information. The negotiators of the South are invariably outnumbered by their counterparts from the North and overwhelmed by routine work. They are burdened by the paperwork produced in the course of the negotiations alone. They frequently lack the time and energy to cope up with new developments and to adjust their negotiating positions. In the International Wheat Agreement negotiations, for example, the Southern negotiators lacked sufficient technical expertise and information, and because neither FAO nor UNCTAD was involved in the negotiations the South could not rely on their resources. The same is true in the negotiations on the Integrated Programme for Commodities (IPC) negotiations, where the lack of information on complex and uncertain issues was very great. Similarly, in the Lomé II negotiations the ACP countries had to depend on the EEC for statistical information and other issue-specific expertise.

The negotiating process could be improved therefore if all parties

could develop the best possible informational base beforehand, especially where subject matters are filled with unknowns and controversy. Better information will not eliminate all conflicts (it may well heighten some while reducing others), but it will put debate on a more factual level. In the realm of persuasion, to the extent that future implications can be agreed to and predictions or warnings shared, the need for threats and promises, with the attendant implications of interference and coercion, is reduced, and parties can turn to a common attack on the problem rather than on each other's positions. This common problem-solving aspect of North-South negotiations can be enhanced if information sources are shared, if background studies are jointly sponsored or prepared by independent agencies, and, as negotiations proceed, if joint technical briefing sessions are offered by independent agencies.

There are two aspects to the preparation needed for North-South negotiations. One concerns the technical information needed to master the subject; the other concerns preparation of each party for a better understanding of its own position and of the basis of the position of the other parties. Both are often wanting. Developed and developing countries alike enter economic negotiations with insufficient preparation, even on their own positions. They also devote little effort to understanding the ingredients in the other parties' positions. Yet the two are crucial to the creation of positive formulas that bring the parties' positions together.

Examples of this need come in numbers from the Law of the Sea Conference, where the very length of the negotiations was in part explained by the necessity for new information. Briefings offered by non-governmental groups helped to fill this need. A model developed at MIT was used by diverse delegations to test their proposals, and when implications became clearer proposals were modified accordingly. In the Lomé II negotiations, the consultant firm of Tate and Lyle advised both Great Britain and the Caribbean countries, with positive results.

In order to facilitate the flow of information between the parties and among them, there is a need for more unofficial forums where experts from both sides can discuss the issues and exchange ideas that will lead to better understanding and appreciation of the various viewpoints and negotiating positions. Informal study groups and problem-solving exercises between both sides can help a great deal. Expert groups from the developed and developing countries will have to be encouraged to meet frequently to promote the dialogue, explore acceptable negotiating proposals, and develop ideas and strategies that can accommodate

the diverse interests of the parties. Groups such as the Society for International Development's North-South Round Table need to be supported and expanded to fulfil this function. In addition, expert groups could meet prior to major negotiations to help establish a common information base.

The Third World has particular needs in this regard. Although misinformation and uncertainty are very great on both sides, the South clearly is at a disadvantage in trying to sort out facts from fiction. As a Commonwealth Group of experts has put it:<sup>3</sup>

In the conduct of negotiations, Southern spokesmen often operate under a handicap and are put on the defensive or easily deflected from their negotiating positions, as they find themselves unable to respond convincingly to queries relating to the analytical foundations, cost-benefits implications or the time frame of their proposals.

A common theme running throughout the analysis of ODC's case studies was the need to make greater analytical capability available to Southern negotiators so that they could better understand issues and could judge trade-offs and therefore be more prepared to handle compromise in specific negotiations.

Many observers have proposed that the South should establish its own secretariat to undertake the necessary technical, statistical, and analytical work and provide advice on strategy and tactics.<sup>4</sup> Such an institution would not only provide technical support but would also be in a position to coordinate the diverse interests of the developing countries in the various North-South negotiations. It should not only provide analytical support but should strive to identify priorities and to develop and propose strategies and tactics for the negotiations.

Although we realise the political, institutional, and economic problems associated with the setting up of such a secretariat, we believe that the South needs an organisation that will provide the necessary technical and analytical support for its negotiators. Some have suggested that UNCTAD should fulfil this role, if only because it is perceived in the North as a 'Southern' institution. However, UNCTAD is a part of the UN system and is governed by both developed and developing countries. The South needs its own institution, analogous to the Organisation for Economic Co-operation and Development (OECD). In view of the fact that negotiations between North and South

<sup>3</sup> *The North-South Dialogue: making it work*, op. cit. p 74.

<sup>4</sup> See Mahbub-ul-Haq, *The Poverty Curtain: choices for the Third World*, New York: Columbia University Press, 1976, p 182-3; Shridath S Ramphal, 'Not by Unity Alone: the case for Third World organisation', *Third World Quarterly* 1(3) July 1979, p 43-52; *The North-South Dialogue: making it work*, op. cit. p 17.

are here to stay, the argument for such an organisation becomes even more compelling. A relatively small organisation with a highly competent and qualified staff could provide the critical support system that the South now clearly lacks. In order to avoid duplicating the work done by other institutions, a Southern secretariat can and should work closely with the various UN bodies and other international institutions.

### **The Need to Develop a Formula**

The inability to develop a formula which reflects the real interests of each party has perhaps been the greatest failing in North-South negotiations over the past decade. The failing is particularly marked in the formulation of the issues by developing countries. In many cases the South tends to rely on moral arguments, although there are strong economic and political arguments to be made for reform of the international economic system. The debt negotiations are a good example. The South based its arguments essentially on moral grounds when there was a real and strong case to be made for Northern self-interest in global financial stability and trade expansion. The problem is that moral arguments carry very little weight when real economic and political interests are at stake and are not therefore an effective bargaining chip.

If future North-South negotiations are to prove fruitful, the issues must be posed in such a way that the agreements can be sought on the basis of mutual gains. The South has to make it clear that it is asking not for charity but for a reform of the international economic system in order to make it more efficient, more equitable, and more open for both developed and developing countries. It has to show that a gain for the South does not necessarily mean a loss to the North and that benefits can accrue to both sides. It has to demonstrate that, in this period of intensifying interdependence, growth and development in the South is in the economic and political interest of the North.

Many of the North-South encounters to date have failed to reach agreement because they represent a clash between basic notions of redistributive justice ('to those that have not it shall be given') and equitable justice ('to those that have it shall be given'), with each side holding out for its victory. The negotiations in the UN Committee of the Whole foundered on this conflict; on the other hand, the Lomé Convention succeeded because it found a formula for agreement, whose compromise nature is testified to by the attendant debate over its real degree of success.

Negotiation should be a positive-sum process, not a matter of victory and defeat. Each party must receive something within the framework for agreement. The agreement must be fair to both sides, and, while each side naturally seeks a formula that is closest to its own positions, it must make an effort to broaden that position to include something for the other party. An invitation to find a common solution to a common problem is the beginning of a search for a jointly satisfactory formula. It can begin with an examination of the other party's position for weakness, not in an effort to discredit it but rather in an attempt to complement it with positions that will remedy its deficiencies.

The specifics of this general approach will of course vary with the different matters under discussion. The International Wheat Negotiations of 1974-9 and the Law of the Sea negotiations (UNCLOS) are contrasting examples of formulas that did not and that did work. The drafters of the International Wheat Agreement sought a limited agreement that took excess price fluctuations out of the market, rather than a broader and more radical resource transfer; it failed to win agreement from all parties. In the UNCLOS, the imaginative parallel banking system for deep-sea mining is a striking example of a formula that bridged the redistributive demands for an Enterprise monopoly and the equity demands for free-enterprise mining. However, the course of North-South negotiations is marked more by the absence of the search for such a formula than its presence, one of the causes of the current stalemate.

### **Coalitions and Alliances**

If North-South negotiations are to produce the desired results in the future, coalitions and alliances that cut across North-South lines must be established. While we do not question the validity of the North-South framework, we believe that the negotiating process will be greatly improved if the parties can transcend the strict division into 'North' and 'South'. Admittedly, this is a delicate matter that has to be handled carefully. This has to be done without giving the impression that the North is trying to divide the South and to co-opt some groups of the developing countries.

The developing countries have seen their strength lying in their unity. This perception has been essentially correct, and it has paid dividends in that it has created a group solidarity and has brought the developed countries to the bargaining table despite the fact that developing countries wield little real power in a traditional sense. This means that



developing countries put a high premium on obtaining an agreed-upon group position and go to considerable lengths to achieve one.

Yet this very unity often has blocked real compromise, as shifting positions during negotiations often has been cumbersome. It also has prevented natural alliances from emerging across North-South lines. Perhaps the most obvious example is the field of trade. There is a clear potential for creating alliances between countries interested in a more open trading system and those favouring more protection of national markets. In practice the United States and the newly industrialising countries have a considerable interest in trade liberalisation; the European Community and Japan do not. Yet, as the negotiations over the Multifibre Arrangement and the Wheat Agreement indicate, group lines are hard to transcend. In both cases negotiations *among* the industrial countries were long and arduous and resulted in the case of the MFA in a more restrictive agreement and in the case of the wheat negotiations in none at all. There are other similar examples. Only during the Law of the Sea negotiations were cross-cutting alliances achieved, and then only on some issues.

If cross-cutting coalitions cannot be achieved, the prospects of continuing stalemate are high, especially as differences within the Third World grow. Negotiations will continue to be cumbersome and confrontational. Natural alliances cannot be made. The challenge is how to get the parties to see themselves as bargain-makers rather than antagonistic groups.

### **The Creation of Trade-Offs**

The need for trade-offs is closely related to the challenge of creating formulas that bring gains to all sides. There are two aspects to this issue of trade-offs. While global negotiations, given their diversity and complexity, are so broad that the balance sheet is hard to keep track of, excessively narrow topics provide little chance for trade-offs. The definition of specific agendas, therefore, is terribly important for the success of negotiations.

Since negotiation is generally less a process of deciding a matter than one of providing counterbalancing payoffs that make a new outcome possible, an array of items is necessary to provide the basis for agreement. Trade-offs require disarticulating issues, in itself a useful way of overcoming intransigence over large problems. Fractionating and packaging are necessary both to provide the ingredients of an agreement and the material for the procedure of exchanges and

compensations. Admittedly, like any human interaction, trade-offs are a matter of perception; Nicolson's famous confrontation between the Warrior, who negotiates only to win, and the Shopkeeper, who negotiates to strike a mutually satisfactory deal, remains a standoff as long as the Warrior sees it as a contest of principle rather than a search for a trade-off of price and quantity. But perception is theoretically vulnerable to effective persuasion and to the skilful use of side payments, both items that return the discussion to the level of trade-offs.

In the last ten years of negotiations, trade-offs were very evident in UNCLOS but not to any great extent in the other North-South negotiations. For instance, the African, Caribbean, and Pacific (ACP) countries refused to trade off in an acknowledgement of human rights or the EC's need for investment guarantee provisions in the Lomé II negotiations. On the other hand, in debt negotiations agreement was reached because the Third World countries were willing (albeit reluctantly, as they had little choice) to trade off their insistence on overall rescheduling of their debts in turn for Northern agreement to adjust the debts of the poorer countries from past foreign aid from loans to grants.

Only UNCLOS provides some important examples. Coastal control over resources, in the form of the 200-miles Exclusive Economic Zone (EEZ) and the modified archipelago concept for the South, was exchanged for transit rights through straits and archipelagic waters and a 12-mile territorial sea limit for the North as one of the basic compromise formulas of the negotiations. In all the other cases (even those with some mutual satisfaction in the outcome, such as Lomé II), trade-offs were scarce. Often there was a missed potential, as in the MFA, where the US could have offered liberalisation in textiles against continual restrictions on apparel. More frequently, as in the Committee of the Whole (COW), International Wheat Agreement (IWA), and Integrated Programme for Commodities (IPC), the South promoted the idea that it had nothing to trade off against Northern concessions and the North agreed, believing either that the South had nothing to offer or that it would offer nothing it had.

One fundamental problem in the provision of trade-offs is that the negotiations of the issues to be traded are carried out in different forums. There is an obvious interrelationship between trade liberalisation and debt financing, but trade and debt issues are negotiated at different times and in different places by different negotiators. It is

therefore critically important to develop a mechanism that can promote coordination in the negotiations of related issues in different forums and that can encourage and facilitate trade-offs. So far there has been little coordination between the different forums and institutions, such as GATT and UNCTAD, which deal with trade issues and the World Bank and the International Monetary Fund which handle debt issues. Unless urgent steps are taken to rationalise the system or to provide some sort of overview mechanism, the proliferation and compartmentalisation of the negotiations process will continue to hinder progress and create misunderstanding.

A related problem is the unwillingness and inability of the South to look at issues in disaggregated form and to think of ways to offer some tangible concessions to the North other than to promise long-term self-interest. Unfortunately, long-term self-interest is not a sufficient incentive where the costs are seen by the North as short term and real. Politicians in the North—like their counterparts in the South—are preoccupied with short-term problems and likely to resist concessions unless they are offered some short-term advantages. As the Commonwealth study has observed:

It is time to recognise that the Southern attempt to achieve its goals by frontal assault has become counterproductive in present circumstances; that its persistence results in negotiating strategies which hamper rather than facilitate progress; and that an approach which takes seriously both the claims of the South and the interests of the North should be adopted.<sup>8</sup>

### **Negotiators Need to Ensure Domestic Support**

In general, North-South negotiations over the past decade have been largely divorced from domestic concerns. This phenomenon has had two important effects. The North has had trouble generating domestic political support when agreements needed ratifying. In spite of the fact that a great deal of time is spent in domestic negotiations to come up with negotiating positions, support for the results of negotiations is usually wanting. In the United States, where Congressional approval is necessary, the problems are compounded. For instance, it is likely that the Law of the Sea agreement would have been in trouble in Congress even if the Administration had decided to sign it. Similarly, a more liberal US position on the MFA was changed to a more restrictive provision in a direct trade for legislative support on an entirely unrelated issue of foreign aid.

<sup>8</sup> *The North-South Dialogue: making it work*, op. cit. p 11.

The South has had the problem of the dichotomy between discussions taking place in formal North-South negotiations and those taking place in national capitals between representatives of functional bureaux from Northern and Southern governments. Frequently there are considerable differences between the way LDC negotiators in Geneva and New York approach the negotiations and the way officials in their home ministries look at them. While the negotiators push hard for concessions, officials in ministries usually have little knowledge of and little interest in the negotiations. Northern officials therefore often get the impression that the negotiations are not an issue in their bilateral relations. This lack of coordination between the representatives of the LDC governments at the negotiations and their counterparts back home not only has generated confusion but also tends to undermine the credibility of Southern negotiators in the eyes of their Northern counterparts. It is therefore important for the developing countries to develop a mechanism at the national level to coordinate their negotiating positions at the various forums.

International negotiation is only the interface between complex political systems. In their efforts to come together on an agreement, the negotiators should not leave their home teams behind, eventually to reject the negotiated results. American trade negotiators have estimated that two-thirds to four-fifths of their time is spent putting together their position in domestic negotiations before the rest of the time is expended in international negotiations; American arms negotiators estimated that 60 per cent of their time was spent in domestic negotiations, 35 per cent in negotiations with allies, and the rest in negotiation with the Soviet Union. Domestic negotiations are necessary to provide a coordinated, thought-out national position, and then more time is necessary to provide some flexibility and understanding of the adversary.

Problems often come down to administrative details that require more planning than effort to overcome. Ministers often launch the sessions with principled statements and then leave or else arrive only at the last minute to restore rigidity to a process that was gaining flexibility. Exchanges among contending parties at the appropriately high level are often absent and left to lower-level technicians and implementers. In the case of democratic politics, where negotiation is essentially *ad referendum* to the legislature, it may slow down the process to retain several legislators—even opposition legislators—as advisers to the negotiators, but that is probably preferable to a legislative disavowal at the end because of a lack of communications during the preparation of

the agreement. American negotiators particularly may be able to negotiate a harder bargain by casting their legislators in a 'tough cop—good cop' routine, but they can negotiate a better deal if they are able to convince the other parties that they can carry the home folks with them in support of their agreement.

The fact that many North-South negotiations have been marked by very mixed levels of representation has also been a source of problems. Partly because of the frequency of North-South negotiations, partly because of lack of resources, and partly because of the lack of decisive interest in all issues, the developing countries usually have been represented by relatively lower-level officials. Consequently the developed countries have tended to send delegates of comparable rank, thereby reducing the effectiveness of the negotiators. For instance, the United States started out at the first session of the COW represented at a high level but quickly moved back down when it was obvious that the LDCs were not sending delegates of similar rank. The question was not of protocol but of negotiating effectiveness. This phenomenon not only contributes to the slowness of the negotiations (because the negotiators lack the authority to make quick decisions) but also affects the quality of leadership, particularly on the part of the South.

#### **Negotiations Need a Deadline**

Unlike negotiations to end or prevent wars, economic negotiations usually do not have an inherent deadline. The most frequent tactic is to announce a target deadline or to cite the need to report to the coming UN session; neither is very effective. Pro forma deadlines can be cast aside with impunity since they do not contain the basic ingredient of a real deadline, an automatic application of sanctions. In this regard, internally imposed deadlines tend to be pro forma, whereas externally imposed deadlines have a greater chance of being real since the sanction—if it exists—cannot be removed by the parties to whom it applies. Unfortunately, the nature of economic problems makes sanctions a long-term rather than an immediate matter.

Examples of external deadlines in North-South negotiations are notably absent. Although much of the Law of the Sea Conference was a healthy exercise in learning, the negotiations suffered badly from the lack of a deadline; they could seemingly go on forever with impunity. The COW, like the UNCLOS, passed deadlines provided by UN General Assembly sessions without a murmur. A further problem is that the procedural and substantive aspects of deadlines must jibe; if

even an effective deadline is too early, parties will meet in only symbolic negotiations, without any effect on the substance of their conflict, or will start preparing negatively for it by shifting their behaviour from a search for agreement to an attempt to pin the blame for breakdown on the other. Thus, CIEC met its deadlines by a meaningless token agreement. Yet a deadline remains a crucial element in reaching an agreement. The very nature of negotiation is such that parties will continue to try to improve terms if they are under no constraint to wrap up an agreement.

There are three elements that can be put to greater use in building deadlines into North-South negotiations, each with its strengths and weaknesses. One is the unilateral deadline. Although the threat of one side to impose some sort of sanctions if agreement is not reached is a form of ultimatum, it is not as harmful to the negotiating atmosphere as ultimatums which aim at a specific (substantive) agreement. Nevertheless, the threatening party is in an awkward and thereby somewhat ineffective position. It must enforce its deadline impartially, but it must also (for other reasons) try to take advantage of it to make the best deal. Generally a threat to withdraw or a threat to go it alone is the preferred form of a unilateral deadline. Each must be credible, but the threatening party must also credibly commit itself to negotiate fairly if the procedural deadline is respected. The example of the US at UNCLOS Conferences is fascinating. The threat not to sign could have led to revised terms more closely to the liking of the US. But a year elapsed before the US put forth a new position, and by that time the other parties had agreed to push ahead without the United States.

The second element is the use of scheduled political change in a negotiating country as a deadline. In this case the deadline is externally or impartially imposed; it works directly on one party, but there needs to be an even greater awareness among other parties of its effects. Countries with regular democratic elections risk changes of government that could affect negotiations. The CIEC negotiations, for example, were adjourned in late 1976 to await the inauguration of the Carter Administration. The results, however, were not any more favourable to the developing countries.

If a favourable government is in power, future elections serve above all as a deadline for the other parties who wish to get an agreement. In calculating the deadline, it is important to count the time required for ratification lest one administration's agreement be turned down by a new legislature. Although individual circumstances may vary, it is generally wrong to hope for better results after the election and more

appropriate to aim for a conclusion of the agreement under the administration that entered into the negotiations.

Third, other North-South encounters can be used as deadlines and played against each other. This aspect has been somewhat of an ingredient in past encounters. North-South negotiations have often failed because (or at least at the same time as) parts of their agenda have been picked up by concurrent encounters and enacted. The result has been a patchwork of partial measures, but nevertheless there has been uneven progress to complement a more wholly negative record of the negotiations. The North-South negotiations then become a deadline even for other forums. The Lomé II convention is a case in point. The Europeans saw their own self-interest in agreements with the ACP countries, but they also wanted to reduce pressure for more demands from the South at other forums.

### **Refining the Process: the virtues of incrementalism**

Thus far, one of the assumptions has been that a general agreement is necessary for success. This assumption needs examination. North-South negotiations are exercises in incremental change. They are not 'puzzle-solving' applications of a permanent paradigm (even to those who want no basic change in the current economic order), nor can they be seismic alterations from one order to another (as much as that might be the wish of some who feel that the current order has already failed). The question then becomes how incrementalism is best negotiated.

The previous section dealt with lessons to be learned for North-South negotiations in the future from the experience of the past decade; this section suggests specific alternatives that could be chosen to advance North-South agreement. They stem from the belief that, at least in the next few years, there is no prospect for any grand 'global compact' such as was envisioned by some observers of North-South relations in the 1970s. The NIEO is not going to be created in the near future; therefore, the North can stop worrying and the South can stop hoping for immediate results. But both sides need changes in existing international economic structures and policies for their own and everybody else's benefit. Those interested in achieving those benefits, therefore, need to be ingenious in seeking incremental steps that will lead to a more efficient and beneficial global economic order.

### **Functional Incrementalism**

The first and current answer is that of functional incrementalism. Since

global negotiations are too complex and of a magnitude too great to set up a new economic order, partial improvements and transitional tinkering are needed. Those who feel that costly repairs on the older order (as on an old car) are an expensive and nostalgic impediment to buying a new one reject functional incrementalism. Many examples—the MFA, the International Wheat Agreement, and the Lomé Convention, from various points of view—give grist to their argument. Yet the futility of seeking grand global compacts is most evident in the area of commodities. Ten years' effort has been expended negotiating the IPC, with relatively few results. Both the North and the South might have gained greater direct results through negotiating various expanded schemes of compensatory financing.

It is also worth remembering that there have been some incremental changes already in the system. This is particularly marked in the policies of the multilateral development banks and the International Monetary Fund. The establishment of new facilities and the enlargement of quotas at the IMF to meet the needs of the developing countries is a clear example. Progress has also been made in the Tokyo Round trade negotiations, where the industrialised countries agreed to cut tariffs, and in the area of development assistance, particularly where special attention has been given to the least-developed countries. One example for future functional incrementalism would be full participation of the LDCs in the GATT, which could become their best defence against Northern protectionism. In general, a strong case can be made for progress in global negotiations by seeking agreement on those issues where common benefits and mutual trade-offs are possible, even if they do not immediately bring fundamental changes.

### **Participant Incrementalism**

A different answer is that of participants' incrementalism. Instead of looking merely for agreement on those topics where it is possible, negotiators may also seek agreement among those parties among whom agreement is possible, leaving the rest outside. Obviously, not any number of parties will do; they must be large enough in number or important enough in economic weight to matter and to form a pole of attraction for those who remain outside. But if the purpose of the negotiations becomes an agreement among most instead of all the parties, tactics and implications change considerably. An example is the negotiations that led to the adoption of the Charter of Economic Rights and Duties of States in 1974. Originally the parties intended to reach



agreement by consensus, but, when this proved difficult to attain, the Third World pressed for a vote in the UN General Assembly, which adopted the Charter by a roll-call vote of 120 in favour, 6 opposed (including the United States), and 10 abstentions. Similarly, the countries that agree on the current Law of the Sea treaty have decided to go ahead without the United States (a decision which will decrease the bargaining power of the US when it does decide to sign). The purpose of such negotiations becomes not only agreement among those who can agree but also isolation of the recalcitrants, to be brought in at a later date. Since recalcitrants no longer block agreement, the price they can extract for adhesion drops. At the same time, the agreement in operation may allay some of their fears and make their later accession easier.

In seeking such partial agreement, it is important to resist the temptation to turn the outcome against the recalcitrant or to use it to reinforce existing camps and divisions. This obvious temptation and difficulty would worsen rather than improve the chances of later change and broader agreement. To the contrary, the partial agreement should seek to build on cross-cutting cleavages, bringing in additional items and interest if necessary to break up broad existing coalitions. To be sure, such tactics will lead to struggles over marginal members between the signatory majority and the isolated recalcitrants, but North-South negotiations are already and naturally the scene of such struggles. Partial agreement should be not an initial goal of negotiations but one that can be adopted during their course when unanimity appears unlikely; in that event, it may serve as a threat position that can actually help the last chances of unanimity.

The distribution of positions on many North-South issues gives rise to further ramifications for negotiations once partial agreement becomes an acceptable goal. Preference distribution is frequently not bimodal, with two strong, equal, and opposing camps, just as it is usually not 'normal', with a common peak and minority fringes. More commonly it is a skewed distribution with a strong peak and a tail, with many different states (not necessarily all Southern) belonging to the peak and lots of other differences of opinion tailing off, not all in total opposition to all aspects of the majority. Such a distribution provides the basis for a broad, if partial, agreement. What then are the implications for further negotiations between the agreeable peak and the recalcitrant tail?

The tail has a number of different strategies to choose within two general options; to accommodate or to bargain. The accommodation

options include acceding and abiding. The recalcitrant can join the agreement at a later moment according to its original terms, or it can abide by it without formal accession, much as the United States abides by the Universal Declaration of Human Rights. In both cases the outsider joins the provisions of the negotiated settlement without change. The advantage of this procedure is that the terms of the agreement have been set by the majority, to which the minority accommodates later on. The bargaining options are more numerous. In bargaining a new relationship, the minority can try to buy in, buy out, or buy off the majority. In the buy-in strategy, it can seek to join the agreement while bargaining its accession against new concessions that preserve the nature of the agreement and giving the new members a special place in it. Buying in is what Britain did in joining the European Communities, at the price of some special provisions. In buy-out strategy, the minority can bargain with the majority by negotiating a new agreement between the two groups of parties, offering a new universal agreement if the majority will dissolve its own former agreement. Universality is bargained against changes in the nature of the agreement, an outcome sometimes possible only when both sides have crystallised their positions. Buying out was characteristic of the relations between the Casablanca and Brazzaville groups as they came together in the Addis Ababa Charter in 1963. The buy-off strategy is the most hostile type of relation, consisting of minority attempts to woo away some members of the majority from their agreement and into a counteragreement with the minority. Carried to an extreme, buying off could lead to two competing agreements and a disorderly economic arrangement. More likely, however, the competitive order would lead to new attempts to bargain a universal agreement from the newly elaborated positions of strength (buy off leading to buy out). Early relations between the EEC and the European Free Trade Area (EFTA) might stand as an example. Cases of the bargaining options are less frequent in North-South relations because of the current emphasis on universality. It may be, as this review of the options seeks to suggest, that partiality is a better road to universality. Partial agreements can provide stepping stones to universal agreements by creating new negotiating conditions.

Within North-South negotiations, examples of these strategies occur more frequently as a means to full agreement than after partial agreement. Buying in was the American tactic in the last UNCLOS session. It failed for related reasons: lack of domestic support and lack

of a perceived commitment to success. Buying off perpetuated the stalemate before the CIEC meeting. The strategies are also used in the reverse of the commonly held notions of majority and minority: In the Yaoundé and Lomé negotiations, in the International Wheat Agreement, and in the MFA, it was the North that established the terms and left the South with the option of accommodating or bargaining. Various strategies were picked within the two options. Further analysis is needed of the use and implications of these tactics within negotiating sessions before applying them to negotiations to complete partial agreements.

### **Structural Incrementalism**

The third way to use incrementalism is through gradually changing relationships. Structural incrementalism, in which evolving relations are brought about by steps, reflecting incremental shifts in power, is often typical of political decolonisation and has been analysed in this connection. Such studies have brought out conclusions that could be taken to heart in North-South economic relations: for example, structural imbalance was the occasion for active but tacit (informal) bargaining, whereas structural balance with interlocking interests was the occasion for direct bargaining. In other words, in decolonisation, the two sides negotiated informally from positions of inequality until they finally reached a power balance, then they held a formal session to negotiate the terms on which power would shift from one side to the other, and then they continued to negotiate informally within the new power relation.

Carried over to economic negotiations, this implies that a long programme of preparation is needed before formal restructuring sessions can be envisaged—involving occasions, both governmental and private, to exchange views and understand each other's interests. Problem-solving exercises (study, not negotiation sessions) can be particularly useful in turning government delegations' attention from refuting each other's positions to joining in a common, diversified attack on a problem.

The one basic lesson of studies of structural incrementalism is that bargaining occurs after structural changes (changes in power relations) have taken place, and not as a means of making them take place. But negotiations need not aim at all or nothing or await the moment when a total reversal of roles is possible. Smaller changes can be ratified by negotiation, giving parties the opportunity to work together—including

working for new changes—in the new relation. Since power is participation, structural changes merely concern the ability to take part in substantive decisions. Just as structural change need not be total, so all parties cannot be expected to accede to full participation at once. New participants from the South—NICs, OPEC members, group interest representatives—can work for institutionalised roles at moments when their fortunes are most favourable.

In contrast with political decolonisation, the goal of economic negotiations is not power transfer but power sharing (broader participation). If this sounds like a Northern strategy of co-optation, it should also be remembered that refusing access offered to a few because others are excluded merely prolongs problems instead of moving them by steps toward a solution.

### Parties

*Mediators.* Mediators could play an important role in North-South negotiations. When parties do not feel equally the imperative to negotiate, when power or aims are out of balance, or when trust is elusive, a mediator is especially useful. Mediators make communication possible when negotiations break down, think up new formulas for agreement when the parties run out of ideas, can add side payments when it becomes otherwise hard to come up with a positive sum, become the vehicle of trust when the parties do not trust each other, and can provide some pressure to move the parties to agreement. In a large multi-lateral negotiation, it is difficult to find an appropriate external mediator, but international organisations can serve as an internal mediator. In that case some of its powers are limited. International organisations composed of state members—or even more so private organisations—have few resources for side payments and little other than moral leverage over states, but they can provide communication, formulas, and trust. The case of the IPC negotiations is one example where the UNCTAD Secretariat could have played the role of a mediator. It did not do so, however, because it was a party to the negotiations and therefore had a great bureaucratic stake in seeing their realisation.

There are two types of mediators: partial and impartial. Impartial mediators are hard to find, although in international economic negotiations the secretariats of international organisations are particularly well placed to play the role, and the need for technical information and expertise as the basis for trust indicates the direction in which to develop the role. Partial mediation is equally possible (contrary to common

misperceptions) and may be easier to find in the North-South context, but the mediators have a special role. Partial mediators are expected to 'deliver' the party to whom they are partial, as they bring together the two sides to make up an agreement. The role thus requires leverage as well as expertise. One of the great weaknesses of the South's position is that it could not deliver OPEC either at the CIEC or at the COW. When the North saw that OPEC would not use the oil weapon or would not bankroll commodity arrangements, the leverage of the developing countries was attenuated.

The EC Commission and the Commonwealth Secretariat are bodies that have worked as mediators; in the case of the COW, of UNCLOS, and of the International Wheat Agreement, mediators might have been able to salvage the negotiations. In the future, more creative use could be made of mediators in a variety of North-South forums. The *caveat*, however, is that partial mediators need to be able to deliver their side.

*Coalitions.* The creation of coalitions based on mutual or common interests is probably crucial to any further progress on North-South negotiations, but the current bloc system militates against the forming of coalitions. The South sees its interests furthered by solidarity, but this very solidarity stymies compromise (which is the heart of any negotiation) and is further weakened when individual members make side deals or let the opposite party know that their position differs from that of the group. This leads back to the point that perhaps the most important single innovation needed in North-South relations is to find ways and means to develop coalitions between Northern and Southern countries on various specific issues without undermining the unity of the Third World.

The problems related to the diversity of issues and the range of interests of the developing countries are succinctly summarised in the Report by a Commonwealth Group of Experts:<sup>6</sup>

Its size and diversity have made the determination of priorities especially difficult for the Group of 77 and have led to agendas that are neither well focused nor adequately selective. They have also led to consultations which are complex and laborious. Those at UNCTAD are further complicated by the fact that (unlike in New York) the Group's three regional groups caucus separately to prepare their initial positions, whose reconciliation at Group level introduces its own inflexibilities. This system tends to introduce such delicate balance that failure to reach agreement on any one issue delays or even prevents consideration of others. Divergent national interests also encourage the tendency to maintain the bargaining at the broad level of principle and to prevent each regional group from moving at anything more than the pace of the slowest. The

\* *The North-South Dialogue: making it work*, op. cit., p. 72.

balance struck in establishing the Group's position is therefore inherently fragile and introduces a significant measure of rigidity into the negotiations. Reluctance to endanger internal compromises pre-empts effective bargaining and militates against optimal and creative solutions.

Coalition formation is possible only when the monolithic sides break down into smaller groups, with the parties or small groups of parties free to seek out common or complementary interests in other camps. Common interests permit consensus; complementary interests allow trade-offs. To be sure, coalition-building may lead to the creation of new sides, but it is more likely to yield a series of cross-cutting and interlocking ties and agreements that make a final outcome more likely and a final collapse more costly to already partially agreeing parties. Coalition building among interest groups was used with great success in the UNCLOS, to the point where observers have concluded that it was scarcely a typical North-South negotiation. The success of cross-cutting coalescing would be to reduce the confrontational elements of international economic bargaining.

*Representation.* This issue is closely related to that of coalition building. Although representation has proved a mixed blessing in past North-South negotiations, we think that it will be effective and efficient to form representative groups that can negotiate on behalf of the Group of 77. The benefits of negotiations by representative groups are obvious. In a world of 122 developing country governments, small groups make discussion easier, coalitions with cross-country interests are simpler to form, and representational bargaining is less time-consuming and less costly.

Depending on the issue to be negotiated, representative countries can be selected from among the various sub-groups with the Group of 77: oil-importing countries, OPEC, newly industrialised nations, least developed countries, or from different regions such as Asia, Sub-Saharan Africa, the Middle East, Latin America, or the Caribbean. Similar representational formulas for the North also can be designed.

However, in past North-South negotiations the idea of representation has proven more efficacious in theory than in practice. Both the CIEC and the North-South summit at Cancún were representational discussions, but there were considerable tensions and problems, particularly in the South but also in the North in choosing the representative countries. Tensions between representatives and their constituencies during negotiations have been high. Often there has been a constant

need to refer back to the constituencies for clarification on negotiating positions, which meant that Southern negotiators had to carry out two sets of negotiations at the same time. Only the Law of the Sea negotiations involved some representational activities which proved crucial in overcoming serious obstacles.

For representative negotiations to be successful certain conditions have to be fulfilled. First, the representatives should have sufficient expertise and knowledge about the issues under negotiation. Such negotiators can be innovative and flexible. They will not also spend time in acquainting themselves with the issues and in asking clarifications from their constituencies. Second, the negotiators have to be high-level officials if they are to be taken seriously. They should have the respect of their peers and the necessary political clout. Finally, it is important that the representatives come from countries most centrally involved in the issues being negotiated. If they come from these countries, they are likely to speak with more authority and to have experience in negotiating the issue at hand. One reason for the lack of success in the debt negotiations, for example, was the fact that the Southern negotiators did not come from the major debtors but from the poorer developing countries.

Representation assumes fixed interest groups, to the point where enough trust and commonality is developed for one member to be able to act as the spokesman for the group. In some circumstances representation can go hand in hand with coalition building, since representatives can talk with each other to build interlocking ties. To the extent that the represented groups are large and inflexible, however, representation is an alternative to coalition, since the chances for formation of new groups and interrelations and of belonging to several interest groups are reduced.

*Timing.* The discussion thus far has borne for the most part on conditions in the North-South negotiation process which can be changed to make that process more productive. There is another category of variables which cannot be changed but which nevertheless have a powerful impact on chances of success.

*The Ripe Moment.* Foremost among these are conjunctural elements. It is possible that the ripe moment in economic bargaining cannot be identified in the same terms as in political conflict resolution, since the political characteristics of a ripe moment (such as deadlock and deadline, alternative tracks, and power relations) are more gradual,

long-term phenomena. The ripe moment needs to be understood in other ways; indeed more conceptualisation needs to be developed for a more thorough and detailed presentation. Furthermore, the lessons of this type of inquiry are often unwelcome, since statesmen in a term of office do not want to hear that now is not the moment to tackle a problem that may eventually put them out of office. However, identification of conjunctural elements can be used to highlight characteristics that make some tactics more appropriate than others or at least that raise awareness of difficulties and lower expectations of success.

Timing clearly has been important in North-South negotiations and has facilitated or hindered agreements. The years 1973 through 1975, for example, were a ripe moment for North-South negotiations, because of the emergence of OPEC as an economic power and the fear in the North that other primary commodity producers might also create cartels. A few years later, however, the willingness of the North to negotiate dissipated when OPEC failed to exercise enough leverage and when commodity power was seen to be a chimera. On the other hand, it is ironic that debt negotiations ended in stalemate just before the question of Third World debt was to become a major issue. Debt was not seen as a problem in 1977 and in 1978, but in 1982 it was seen as a major crisis. Similarly, the COW negotiations were helped by the failure of CIEC because neither side wanted a vacuum. And in commodity negotiations timing is very crucial. The problem is that producers want agreements when prices are dropping and customers want them when they are rising. One of the reasons for the failure of the Wheat Negotiations was that none of the parties found the time propitious in 1976 for an accord.

*The Solidarity Function.* Parties often need an initial period of consciousness raising and solidarity making before they can turn to problem solving. Aspects such as identity, awareness of interests, and ability to speak with confidence are all effects of the solidarity-making phase of activity and are best built through confrontation. What is not clear is whether such confrontation can be successful in creating these effects if it is kept only on the symbolic level, or whether separate development and self-reliance must be pursued for a founded sense of equality to occur. In any case, such identity building is a compensatory function, necessary to the South and not to the North, and is an important precondition for subsequent coalition formation. If coalitions form before solidarity is established they are treasonous to the common



cause, whereas if solidarity is established beyond question members can build cross-cutting ties without undercutting their own new independence and Southern identity. With the absence of perspective that comes from being in the midst of history, it appears that the confrontational phase of the mid-1970s is passing and that conditions are more propitious for problem solving; some countries such as Algeria have moderated, and group membership (as within the G77) is an established fact. On the other hand, the temporary collapse of a number of Third World forums (NAM, OAU, LAS) and the rise of Third World disputes may mean that symbolic solidarity becomes paramount because real solidarity is so thin.

*The Crisis Function.* Another conjunctural element is the crisis function. The downturn of economic conditions which began in late 1979 brought home to all countries the need to take serious measures and makes less tenable the argument that all is well with the old order. Since the basic calculation in any negotiation concerns the viability of the present course as a baseline comparison for any negotiating alternative, the fact that things are getting bad is all to the good. Crisis at least means that new answers must be sought. It does not decide between deep reform and palliatives, but it at least makes that debate necessary. It is now less likely that crisis will permit a purely defensive reaction, since the inter-dependence of the world economy and its political ramifications make continued recalcitrance by the North not even a palliative.

One fundamental question in the analysis of negotiations is whether parties make greater concessions when they are weak and therefore vulnerable, whether they make greater concessions when they are strong and therefore have a cushion, or whether both effects obtain under the differentiating impact of some yet-unknown intervening variable. Politically, the effect seems to be the third; beleaguered parties do not concede if the implications are immediately costly, if the concession is touted as a defeat, if zero-sum perceptions are high. But beleaguered parties do concede if concession raises the siege, if concession can be recast as victory, if positive-sum perceptions can be made dominant. Obviously, much depends on the way the argument is presented. This reinforces the notion of negotiation as persuasion, which seems to have eluded many Northern and Southern negotiators.

Now the key question is whether the perceived global economic crisis makes this a 'good' time for serious North-South negotiations. Is the

crisis deep enough? Or is the crisis too deep and are the constraints to action too great?

### Conclusions

What does this analysis imply for global negotiations? The answer to this question has to begin with a recapitulation of the points made at the beginning of this article.

First, North-South negotiations in a generic sense are likely to be as much a feature of the decade ahead as of the decade past. Second, they do not have to be a zero-sum game. Indeed, the benefits to both the North and the South of changes in the existing international economic order are likely to be considerable. If both those points are true, improving the process of negotiating between developed and developing countries will be a critical element in addressing urgent global problems. It is, of course, not true that improving the negotiating process *alone* will bring about agreement between North and South. Differences of viewpoints are still too deep and fundamental to be resolved simply by changing the process. Nevertheless, it is probably equally true that the very process of negotiations, as it has been manifested in the past decade, is likely to prove a barrier to serious address of these global problems.

However, an analytical examination of the last decade's negotiations and their meagre results leads one to be cautious about the prospects for future negotiations in the absence of serious address of the negotiating process itself. Our discussion here suggests some of the issues that need to be addressed if any real agreement between North and South is to be achieved in the future.

Perhaps the paramount need is to break down the division of the parties into 'North' and 'South'. Differentiation within both North and South is increasing, and interests are diversifying, forcing either group to assume a common position. It is almost a prerequisite to stalemate. Until the North-South divide can be bridged so that countries can form coalitions and associations of only alliances of their real interests, progress in North-South negotiations is not likely to be great.

There is a need to transcend or perhaps isolate those who do not want to reach any agreement. It now seems that partiality is a better (and in any event the only) road to universality. There is no other plausible alternative. The challenge is to pick countries that for one reason or another can reach agreement. It is necessary to assemble groups of countries that the Commonwealth report calls 'like-minded' to develop

cross-cutting links. Unfortunately the process now tends to be driven by the lowest common denominator; the most recalcitrant countries (the United States for the North and the radicals for the South) tend to set the agenda.

Second, the North must take North-South negotiations more seriously and participate in them more actively. As much as the South's rhetoric and confrontationist stance have contributed to the lack of progress in the negotiations, the North's rejectionist strategy and indifference have also led to deadlock. If North-South negotiations are to move beyond stalemate, therefore, the North instead of being defensive, has to take an active part in the negotiations. It has to accept that North-South negotiations are an effective part of the management of the evolving international economic system. Negotiations have to be seen as an alternative to chaos and confrontation. What is more, instead of dismissing Southern proposals as rhetorical and impractical, it has to come up with counterproposals that take some of the grievances of the South into consideration and will attract the developing countries that are interested in reaching agreement. Without a strong commitment by the North to continue the dialogue and negotiations, and without its active participation, North-South negotiations are likely to remain adversarial, tense, stalemated, and unproductive.

The third urgent need is a reformulation of North-South issues in order to ensure that concrete benefits will accrue to both sides. No agreements or bargains will be reached when the concessions and costs will largely have to be borne by one set of parties and the benefits (real or potential) accrued by the other. North-South issues in the past decade, unfortunately, have been posed in precisely this manner (with a large dollop of guilt thrown in). Yet a growing number of analyses demonstrate quite clearly that there are a variety of mutual gains to be received by both North and South from restructuring the international economic system established after World War II.

Fourth, there must be some agreement on forms of representation in the negotiating process. It is impossible to conduct any serious negotiations in universal forums where over 150 governments are represented to one degree or another. There needs, however, to be active exploration of different modes of representation. Various formulas suggest themselves, but the common element should be that the states with the most interests in negotiations should be the prime representatives. Here again a division between North and South needs to be transcended. There may be more commonality between commod-

ity producers in both North and South and commodity consumers than between North and South. Similar examples were discussed earlier in the field of trade.

Fifth, there needs to be agreement on ways of negotiating in functional forums while maintaining some sort of overview on the process. Insisting on negotiating monetary or trade affairs in the General Assembly of the United Nations is a guarantee of continuing stalemate. It would be much preferable for the developing countries to participate to a much greater degree in the discussions of the GATT or to search for ways of linking the functions of GATT and UNCTAD. Similarly, the developing countries need to coordinate their activities in the deliberations of the World Bank and the International Monetary Fund on monetary and financial issues.

Negotiations in functional forums are likely to be successful if the structure of representation is modified to ensure effective South participation. In monetary and financial negotiations, for instance, it would be helpful if the Development Committee and the Interim Committee of the World Bank and the International Monetary Fund were modified by accommodating more equitable South representation (perhaps by including the Group of Twenty-four as a whole) rather than limiting the South to quota structure in the Bank and the IMF. Decisions in such forums could be reached on the basis of consensus. There will, however, also be a need for some mechanism where results can be judged and new bargains across issues broached. In this regard, serious consideration should be given to periodic North-South summits, following on the meeting in Cancún, Mexico, in 1981. Such summits are not a panacea, but they do give world leaders a chance to exchange views and (with good management) a chance to break deadlocked negotiations and to arrive at bargains across different forums. Those who feel that North-South summits are counterproductive should be challenged to provide some alternative to fulfil the same function.

Finally, there clearly needs to be much more analysis of North-South issues available to governments, both in the North and in the South. There is a considerable need for some sort of Third World secretariat available to negotiators from the developing countries. However, the North too has neglected analysis of North-South issues and particularly the creative exploration of solutions which, while not yet politically viable, will inform the discussions of the future.

In this regard, too, the need for unofficial forums where representatives of developed and developing countries can discuss common

positions and better understand those of the other party is important. They can be organised on a global level (such as the North-South Round Table) or on regional levels (such as the continuing discussions among North American and Latin American leaders that have taken place under various auspices over the last ten years). No matter what the formula, the need is the same: policymakers from both North and South need to have opportunities better to understand each other's position in order to arrive at creative compromise and bargains.

Implementing these suggestions will, of course, change the fundamental nature of the process, at least as it currently is described, but the economic and political stakes for both rich and poor countries leave no choice. If these issues can be addressed, global negotiations may well be the path to the future. If not, they are likely to be a dead-end street.

## Development, Democracy and Dependency in Latin America: a post-imperialist view



Development, today, is no longer taken to be synonymous with aggregate economic growth. Most of us now acknowledge that the word signifies progress toward desired goals, hence is not value-free. It is entirely appropriate, then, that we think of those values in progressive, humanistic terms, with the result that the concept of development comes to mean an improvement in the quality of life and an enlargement of the ambit of human freedom. As judged by the pronouncements of governments, opposition movements, and professional students of development, agreement on this point is widespread.

Once development has been so conceived, we can deduce that it is a multifaceted process embracing industrialisation, equitable distribution of societal goods, and democracy. Industrialisation denotes the systematic application and innovation of labour-saving technology in the productive process, together with the implantation of social relations of production that spur technology utilisation. Industrialisation must be coupled to an equitable scheme of distribution in order for people to be freed from the compulsion of having ceaselessly to labour for their subsistence. Clearly, there is no freedom without democracy. At a minimum, democracy consists in the accountability of the governing authority to the people at large; in a more substantive vein, it includes the right of participation in the making of decisions that are authoritatively binding on the collectivity. Although the matter can be debated, in my view democracy is not fully realised unless all adult citizens enjoy both a right of formal political participation and a right to associate freely, without the application of any ideological test, for nonviolent political purposes.

Industrialisation and distributional equity pertain to the material (economic) aspect of development. There is also an interdependent but conceptually distinct political aspect, consisting in 'the improvement of a society's ability to control the rate and direction of change' and entailing 'the ability to formulate and implement strategies for solving

problems and achieving goals'.<sup>1</sup> An awareness that development has a political aspect directs our attention to issues of power and control. They are amenable to a class analysis.

### Capitalism and Democracy

From a developmental perspective, a superior political order would presumably be what appeared in the lexicography (but not in the practice) of Peru's 'revolutionary' military regime (1968–80) as *democracia social de participación plena*: fully participatory social democracy. (In a social democracy, egalitarian public control of the institutions responsible for economic growth assures that industrialisation will proceed in a climate of distributional equity.) Perhaps a selfless, farsighted leadership, operating within a social space left open by an absence of intense, institutionalised class conflict, could design and implement such a political order. Richard L Sklar believes that in parts of Africa the opportunity to do so is there for the taking.<sup>2</sup> In Latin America, however, no such opportunity currently exists or is likely soon to present itself: class structures and institutions embodying them, in all cases the products of lengthy sequences of historical evolution, are everywhere firmly embedded throughout the social order. Cuba and Nicaragua aside, the Latin American reality is one of solidly established capitalism tightly linked to the world economy. But 'established' must not be read as 'static'. Latin American capitalism, like the international capitalism that helps shape it, is a dynamic order and has been undergoing major changes for many years. The nature and probable near-term course of its present stage—'late' or 'organisational' oligopoly capitalism—are of central concern to the analyst.

Capitalism can in principle be compatible with both industrialisation and democracy. To be sure, capitalist democracy fails fully to guarantee freedom; for, in defining as nonpolitical key structures and institutions of economic power, it places them arbitrarily beyond the reach of democratic norms and, thereby, enables them to go on functioning as mechanisms of domination, exploitation, and accumulation of class privilege. Nevertheless, late-capitalist democracy provides institutionally for *some* political control of economic life; the right of political

<sup>1</sup> Richard L Sklar, *Corporate Power in an African State*, Berkeley and Los Angeles: University of California Press, 1975, p 179.

<sup>2</sup> Richard L Sklar, 'Democracy in Africa'. Presidential address to the Twenty-Fifth Annual Meeting of the African Studies Association, Washington DC, 5 November 1982.

association, meanwhile, allows elements of the subordinate classes to acquire autochthonously a capacity for self-definition and pursuit of their class interests. Their efforts can bear fruit when they are limited to issues of immediate concern. The reason is that a bourgeoisie whose social control is secure has much to gain—*inter alia*, social peace and stability—from respecting the indigenous political institutions and accommodating to the most urgent demands of lower-class groups.<sup>3</sup> Under capitalism, as under any socioeconomic order, democracy provides the only meaningful assurance that the question of distributional equity will be addressed. Equity is never the reliable product of the altruism of those in power.

However, Latin American capitalism has not previously been hospitable to democracy. Civilian governance, when it has existed, has often taken the form of oligarchic exclusionism<sup>4</sup> or of populist authoritarianism. More recently the region has witnessed a spate of capitalist 'developmental dictatorships'<sup>5</sup> led by the military and civilian technocrats—so-called 'bureaucratic-authoritarianism'—that have devoted themselves to advancing their countries' industrialisation by means of strategies that deliberately bypass both equity and democracy.<sup>6</sup> Particularly worrisome was the fact that the wave of 'bureaucratic-authoritarianism' that crested in the 1960s and 1970s managed to sweep away civilian governance from Chile and Uruguay, which had long been considered Latin America's most stable democracies.

### The 'Dependencista' Perspective

Latin Americans have assiduously sought to explicate these circumstances as a first step toward changing them. They have rejected

<sup>3</sup> I assume, as is commonly the case, that such an accommodation need not wreck the mechanisms of capital accumulation. To the contrary, it tends to keep them humming efficiently for a longer period of time, so that the short-run decline in the absolute profit rate is compensated by a larger and more secure future cash flow. Under late-capitalist conditions, where oligopolistic corporations are not rigidly constrained by market forces but can plan strategically for profit maximisation, this tradeoff is an attractive one.

<sup>4</sup> Marcelo Cavarozzi, 'Elementos para una caracterización del capitalismo oligárquico', *Revista Mexicana de Sociología* 40(4) 1978, pp 1327–52.

<sup>5</sup> A James Gregor, *Italian Fascism and Developmental Dictatorship*, Princeton: Princeton University Press, 1979.

<sup>6</sup> Guillermo A O'Donnell, *Modernisation and Bureaucratic-Authoritarianism*, Berkeley: Institute of International Studies, University of California, 1973. On the economic policies of the Brazilian military regime, until recently an archetypical 'bureaucratic-authoritarianism,' see Thomas E Skidmore, 'Politics and Economic Policy Making in Authoritarian Brazil, 1937–71', in *Authoritarian Brazil*, Alfred Stepan (ed), New Haven: Yale University Press, 1973, pp 3–46.



proffered explanations that are ethnocentric or racist—e.g., those that emphasise the peculiarities of the 'Iberic-Latin tradition'<sup>7</sup> and/or the lack of a 'Protestant ethic' in the outlook of the bourgeoisie. But, perhaps because they have been beguiled by the overweening US preeminence in the hemisphere, they have tacitly accepted the Anglo-Saxon experience as the norm of capitalist development. That is, they have assumed that a thoroughgoing capitalist development must be the product of a dynamic and socially transformatory, or Schumpeterian, bourgeoisie.<sup>8</sup> Consequently, they have defined their problem as a deficiency of the bourgeois class. Having properly refused to blame their own culture for that supposed deficiency, they have attributed it to the manner of their nations' articulation with international capitalism. Thence the idea of *dependencismo*. This term signifies an internally coherent paradigm of dependency that embraces both an explication of economic structures of dependence and a political explanation, couched in the language of class analysis, for the persistence of those structures. From here on I shall be concerned primarily with the latter.

There are two principal varieties of *dependencismo*. Each begins with the notion that capitalist democracy is inconceivable without an ideologically hegemonic bourgeoisie: not only one that is able to make the accommodations described earlier, but also one whose world view can win universal acceptance and thus portray its class interests and privileges as incidental to the 'national interest'.<sup>9</sup> According to the first variant, local capitalism is little more than a 'hose' at the end of a 'pump'—the capitalist system of the metropolis—that sucks economic surplus out of the country. The domestic bourgeoisie is therefore a 'comprador' class (in André Gunder Frank's colourful terminology, a 'lumpenbourgeoisie'), an agent of economic imperialism with no

<sup>7</sup> Howard J Wiarda, 'Toward a Framework for the Study of Political Change in the Iberic-Latin Tradition: the corporative model', *World Politics* 25(2) 1973, pp 206–35. Wiarda's study is blameless; it is a careful analysis of the historical shaping of a political culture. Although the 'Iberic-Latin tradition' cannot be held responsible for Latin America's late start toward democratisation, it is highly relevant to questions of the character of ideological legitimisation.

<sup>8</sup> Joseph A Schumpeter, *The Theory of Economic Development*, Cambridge: Harvard University Press, 1935; and *Capitalism, Socialism, and Democracy*, New York: Harper and Row, 1942. I consider Schumpeter's work a *locus classicus* of 'economism' in development theory: the systematic undervaluation of the political dimension of organised social life.

<sup>9</sup> Antonio Gramsci, *Selections from the Prison Notebooks*, New York: International Publishers, 1971; and *Letters from Prison*, New York: Harper and Row, 1973. The Introduction to the latter work, by Lynne Lawner, contains a useful exposition of the Gramscian conception of hegemony. See also Walter L Adamson, *Hegemony and Revolution*, Berkeley and Los Angeles: University of California Press, 1980; Joseph V Femia, 'The Gramsci Phenomenon: some reflections', *Political Studies* 27(3) 1979, pp 472–83; and Bob Jessop, *The Capitalist State*, New York: New York University Press, 1982, pp 148–9.

nationally-based class interests save for a narrow preoccupation with state power, needed to keep it securely atop the social structure. Such a bourgeoisie is too evidently self-serving to aspire to hegemony; its apparent dominance (the *real* dominant class, we are forced to conclude, is the foreign bourgeoisie that controls metropolitan capital) has to be backed by raw coercion.<sup>10</sup> A sub-variant, associated with the writings of Immanuel Wallerstein, holds that the domestic bourgeoisies of 'peripheral' countries opt for coercive forms of labour control<sup>11</sup>; for that reason they are debarred from legitimating their class position by appealing to an ideologically produced societal consensus.

This version of *dependencismo* cannot any longer be sustained in the face of the facts.<sup>12</sup> As Bill Warren saw some time ago, the facts in question include the rapid industrialisation, under transnational corporate auspices, of many developing countries and the coincident spread of capitalist relations of production.<sup>13</sup> In Latin America as a whole, activities belonging to the modern capitalist sector (manufacturing, public utilities, transport and communications) have become the linchpins of the economy; in addition to the stimulus they provide to other sectors, they now account directly for 34.1 per cent of gross domestic product—as against 28.7 per cent in 1980. Manufacturing has also come to weigh heavily in export trade: 20 per cent of merchandise exports are now manufactured goods, up from an average of 10 per cent in

<sup>10</sup> Paul A. Baran, *The Political Economy of Growth*, New York: Monthly Review Press, 1957; André Gunder Frank, *Capitalism and Underdevelopment in Latin America*, New York: Monthly Review Press, 1969; also by Frank, *Lumpenbourgeoisie: Lumpenddevelopment*, New York: Monthly Review Press, 1973; Samir Amin, *Accumulation on a World Scale*, New York: Monthly Review Press, 1974; also by Amin, *Unequal Development*, New York: Monthly Review Press, 1976.

<sup>11</sup> Immanuel Wallerstein, *The Modern World-System*, New York: Academic Press, 1974; also his 'Dependence in an Interdependent World: the limited possibilities for transformation within the capitalist world-economy', *African Studies Review* 17(1) 1974, pp. 1–26; and his 'The Rise and Future Demise of the World Capitalist System: concepts for comparative analysis', *Comparative Studies in Society and History* (16) 1974, pp. 387–415. Well-targeted critiques of Wallerstein's thesis and conclusions have been put forward by Robert Brenner, 'The Origins of Capitalist Development: a critique of neo-Smithian Marxism', *New Left Review* (104) 1977, pp. 25–92; and by Theda Skocpol, 'Wallerstein's World Capitalist System: a theoretical and historical critique', *American Journal of Sociology* 82(5) 1977, pp. 1075–90.

<sup>12</sup> Although some proponents have yet to throw in the towel. See, for instance, Samir Amin, 'Expansion or Crisis of Capitalism', *Third World Quarterly* 5(2) 1983, pp. 361–80.

<sup>13</sup> Bill Warren, 'Imperialism and Capitalist Industrialisation', *New Left Review* (81) 1973, pp. 3–44. Recently, Immanuel Wallerstein, 'Nationalism and the World Transition to Socialism: is there a crisis?', *Third World Quarterly* 5(1) 1983, pp. 95–102, has taken a position in agreement with Warren's view of the spread of industrialism and capitalist relations of production into the 'periphery'. It would have been useful, however, if he had seen fit to reconcile the contradiction between his new perspective and his previous insistence that coercive labour control is a key variable that determines the structure of the 'world-economy'. Perhaps he is still labouring under the misconception that the universalisation of wage labour constitutes socialism.

1960–68.<sup>14</sup> Argentina, Brazil, Mexico, and Peru currently derive 60, 64, 43, and 70 per cent of their export earnings, respectively, from sales of manufactured goods (including factory-processed mine products). Literacy rates and school attendance ratios, which correlate closely with the extent of capitalist relations of production, have risen dramatically in most of the countries of the region.<sup>15</sup>

The second variant of *dependencismo* places less stress on broad generalisations inferred from postulated system-maintenance requisites and admits that capitalism in the 'periphery' can lead to industrialisation. But it holds (i) that the nature of industrial technologies and products, dictated by the profit-maximisation strategies of transnational corporations, is such as to demand and reinforce a highly skewed distribution of wealth and income; and (ii) that the domestic bourgeoisie's reliance on international capital for technology, financing, and principles of enterprise organisation saps it politically, depriving it of the hegemonic assets of an indigenous dynamism and a 'national-popular' value orientation. Here, too, 'peripheral' capitalism is said to be incapable of universalising capitalist relations of production throughout the society; in this instance the reason given is that the capital-intensive, 'inappropriate' technologies acquired from the transnationals do not provide employment opportunities in proportion to need. Once again, a weak bourgeoisie is regarded as unable to become hegemonic, as compelled to take political shelter behind authoritarian rule.<sup>16</sup>

Unlike the first version, this newer and more sophisticated variety of *dependencismo* cannot be refuted by data on industrialisation. Neither can it be negated by observations on local state assertiveness in dealings

<sup>14</sup> These and other economic data in this paper have been drawn from various publications of the Inter-American Development Bank. The IDB's data show that the 1971–8 average annual growth rate of foreign exchange earnings from Latin America's manufactured exports was 10.7 per cent; when traditional exports of processed foodstuffs and nonferrous metal products are excluded from the calculation, the rate rises to 14.7 per cent. Both computations are based on constant 1980 prices.

<sup>15</sup> My rough computation yields a school attendance ratio for the age group 6–23 years and for Latin America as a whole equal to 60 per cent as of 1980; and a corresponding ratio of 37 per cent for 1960.

<sup>16</sup> Fernando Henrique Cardoso, 'Dependency and Development in Latin America', *New Left Review* (74) 1972, pp 83–95; and his 'Associated-Dependent Development: theoretical and practical implications', in *Authoritarian Brazil*, Alfred Stepan (ed), New Haven: Yale University Press, 1973, pp 142–76. See also Fernando Henrique Cardoso and Enzo Faletto, *Dependency and Development in Latin America*, Berkeley and Los Angeles: University of California Press, 1979. A useful discussion of the relationship between Cardoso's work and other Marxian currents of development analysis is contained in Gabriel Palma, 'Dependency: a formal theory of underdevelopment or a methodology for the analysis of concrete situations of underdevelopment?', *World Development* (6) 1978, pp 881–924.

with transnational corporations and international financiers; for the modern Marxian theory of class and state specifically provides for a state that is 'relatively autonomous' and that need not act in the service of short-term bourgeois interests.<sup>17</sup> My critique of the 'dependent development' school of *dependencismo* will consider instead its implications for development strategy and the accuracy of its political analysis.

### Anti-democratic Implications of 'Dependencismo'

If 'dependent development' in the sense defined above (not merely in the indisputable sense that development is conditioned by the world economy) is Latin America's reality, then capitalist democracy is ruled out, and maldistribution of wealth cannot be mitigated within a capitalist framework. And *dependencista* class analysis, which is undialectical, finds no counterforces generated by 'dependent development' that might modify its character over the long haul.<sup>18</sup> Hence, the conclusion can only be that real development will not occur until and unless there has been a clean break with capitalism at both the national and international levels.

But such a break cannot come at the hands of a majoritarian, class-conscious, radically internationalist working class—Marx's revolutionary proletariat—inasmuch as 'dependent development' precludes its emergence. As a result, the needed revolution is confined to a Leninist scenario: a radical movement of national liberation on a multiclass foundation, led by an intellectual elite claiming the right to 'represent' the working class without consulting it.<sup>19</sup> After sixty-five

<sup>17</sup> Ralph Miliband, *The State in Capitalist Society*, New York: Basic Books, 1969; Nicos Poulantzas, *Political Power and Social Classes*, London: New Left Books, 1973; David A Gold, Clarence Y H Lo, and Erik Olin Wright, 'Recent Developments in Marxist Theories of the Capitalist State', *Monthly Review* 27(10) 1975, pp 29–43, and 27(11) 1975, pp 36–51.

<sup>18</sup> Dynamic, ideologically hegemonic bourgeoisies are as much the *products* of capitalist development as they are its producers. Anthony Brewer, *Marxist Theories of Imperialism*, London: Routledge, 1980, p 289, argues that the question is whether an independent national bourgeoisie is eventually formed: 'Independence in this sense does not require that development be financed locally and under local control. . . . I see no reason why an independent capitalist class should not be formed on the basis of export led industrialisation or copying of technique; in an interdependent world economy a considerable degree of specialisation and large scale exchanges of goods, capital and technology are to be expected'. See also Bill Warren, *Imperialism: Pioneer of Capitalism*, London: New Left Books, 1980, pp 42–3; as he puts it, the classes that begin the process of industrialisation 'may themselves be industrial bourgeoisies or may be displaced by the industrial Frankensteins they have created or they may become fused with them'.

<sup>19</sup> The claim is grounded in ideological dedication and in an assertion that the 'meaning and purpose' of history are known to initiates. Marx, of course, 'inverted' rather than abandoned the Hegelian metaphysic, that human history has a comprehensible meaning and is directed toward a

years, progressives ought to have lost any remaining illusions about Leninism; its undeniable accomplishments in the realm of distributional equity are more than offset by its second-rate industrialisation performance and its stultifying elitism, which, together, diminish the scope of freedom rather than enlarging it.

What is more, *dependencismo* postulates rather than demonstrates that the temperament of the popular classes is potentially or actually revolutionary. The assumption is belied by experience in Latin America and elsewhere; it has been proven time and again that poverty and marginalisation, alone, do not a revolutionary make. Later on I will evaluate the practical political consequences of a radical ideology whose prescription for bringing about change must remain unfilled for lack of the requisite social forces. For now I shall simply suggest that, even where a revolutionary temperament exists, authoritarian socialism ranks no higher in comparison to authoritarian capitalism than a lesser evil.

Although there are probably conjunctures—as in parts of Central America today—where the nature of contending class forces allows for no other alternative, why should progressives be so quick to jettison their ideals and to grant that the lesser evil is satisfactory *anywhere* in the 'periphery'? There is, I feel, another way. Were they firmly to abandon the teleology and stasis of system-maintenance ideas, along with the tendency to deduce class action from axiomatic first principles, and were they to attend more closely to an empirical study of class forces designed so as to reveal the dialectics of change within 'peripheral' capitalism, they might discover better alternatives—or, at the very least, become more thoroughly convinced than they can be at present that none is available.

### **The Evidence Re-evaluated**

The first thing that empirical investigation lays bare is that the wave of authoritarianism has spent its force and is receding. Latin America's current political panorama is the following: In Colombia, Costa Rica, Mexico, and Venezuela, capitalist democracy has functioned con-

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foreseeable end point. It is time, I believe, to let go of this metaphysic, which more properly belongs to a 19th-century world view. Stephen Jay Gould's critique of the same metaphysic in Darwinian natural history is relevant here as well; see Gould, *The Panda's Thumb*, New York: W W Norton, 1980.

tinuously for ten or more years.<sup>30</sup> In Argentina, Brazil, the Dominican Republic, Panama, and Peru, processes of transition from authoritarianism to capitalist democracy are under way or have recently been completed. In Chile and Uruguay, military authoritarianism persists but is under increasing challenge from a wide spectrum of forces, including many members of the bourgeoisie and middle class. In El Salvador, Guatemala, Haiti, and Paraguay, capitalist authoritarianism of the traditional, antidevelopmental oligarchic type remains. In Cuba and Nicaragua, nationalist-popular rebellions have led to the implantation of authoritarian socialism (not yet consolidated in the latter). And in Bolivia, Ecuador, and Honduras, fragile and unstable capitalist democracies rest uneasily on largely backward socioeconomic underpinnings.

In sum, capitalist democracy is entrenched or nascent in nine of the twenty Latin American republics. These nine have a combined population of 290 millions and a combined land area of 16.7 million square kilometres—each about 82 per cent of the regional total. Their combined gross domestic product amounts to 82.2 per cent of the regional total; and their combined GDP per capita is US\$1640 (1980 datum), as compared to US\$1060 for the ten others (Cuba, which does not publish economic statistics, is excluded). Manufacturing generates 24 per cent of their combined GDP, compared with 18.5 per cent of the others'; and 6.6 per cent of their total exports is accounted for by machinery and equipment, versus 4.3 per cent for the others. Thus, the nine are characterised by a higher prevailing level of industrialisation than is found in the remaining countries of the region.

Additionally, democratic institutions in these nine countries have undergone important changes. The last of the old-line populist leaders, Peru's Victor Raúl Haya de la Torre, departed the scene in 1979; there have been no younger replacements. Political parties have become more programmatic and more often rest on stable aggregations of interests than on charisma. While one or two parties often predominate, one finds in all of the nine countries a multiplicity of licit parties that cover a wider ideological range than ever before. In Brazil, the military has given up its ten-year-long effort to impose an *oficialista* two-party

<sup>30</sup> There has appeared during the last ten or so years a considerable literature that emphasises the authoritarian features of Mexico's 'one-and-a-half party' system of 'guided democracy'. But this literature also makes plain that a fair degree of pluralism—not, of course, of a sort that allows all interest groups an equally effective representation—exists within the official party, the PRI; and that there are political institutions, most notably the tradition of presidential campaigning, that operate to provide a measure of accountability.

system and has acquiesced in the restoration of the local multiparty tradition. In Mexico, the political monopoly of the Partido Revolucionario Institucional (PRI) has been weakened somewhat by measures that allow for a larger number of independent parties and that guarantee them minimum representation in the national parliament. In Peru, parties span the full spectrum from US-style conservatism to Marxism-Leninism and Trotskyism; Marxists have been elected to major offices (now including the mayoralty of Lima, the capital, and of Arequipa, the second-largest city) and enjoy significant representation in the Chamber of Deputies. In Argentina, the just-concluded presidential election showed that Peronism had lost its appeal for the electorate. In Colombia, Costa Rica, the Dominican Republic, Panama, and Venezuela, power has been transferred peaceably to electoral oppositions.

I stated previously that a hallmark of capitalist democracy is tolerance of autonomous lower-class political institutions, of which the most prominent are labour unions. One of the classic failings of Latin American capitalist orders has been their intolerance of free labour movements: labour unions have been severely restricted by law (Peru), controlled directly by ministries of state (Brazil), and/or manipulated by political parties (Argentina, Mexico, and Peru to an extent). This is now changing. In Argentina, Peronist labour bosses have been steadily losing their control over the movement. In Brazil, the military regime permitted the old system of state-run labour unions to fall into disuse but has been unable to prevent the rise, for the first time in the nation's history, of a truly indigenous labour movement, constructed from the grass roots upward by workers who are intent on organising themselves to defend their common interests. A still stronger 'bottom-up' labour movement has surged to the fore in Peru and has made common cause with a variety of popular struggles.<sup>21</sup> Even in Mexico, sectors of labour have demonstrated increasing independence from PRI domination. Many of these labour movements regularly indulge in radical political rhetoric (although none is revolutionary in any real sense). Some of them, recognising that the economic interests of the working class are greatly affected by inflation and by the means chosen to cope with it,

<sup>21</sup> Alan Angell and Rosemary Thorp, 'Inflation, Stabilisation and Attempted Redemocratisation in Peru, 1975-1979', *World Development* (8) 1980, pp 865-86; and Evelyne Huber Stephens, 'The Peruvian Military Government, Labor Mobilisation, and the Political Strength of the Left', *Latin American Research Review*, 18(2) 1983, pp 57-93. See also David G Becker, 'Modern Mine Labour and Politics in Peru since 1968', *Boletín de Estudios Latinoamericanos y del Caribe* (32) 1982, pp 35-60.

have engaged in general strikes and other forms of political action intended to influence directly the orientation of government policy. Yet, the bourgeoisies of the nine countries do not seem to feel threatened by these developments, since they have staunchly supported democratic institutions and have not called for a renewed repression of organised labour.

The legitimacy of late-capitalist democracy depends in part on the presence of state apparatuses that are strong and effective enough to restrain the most extreme abuses of oligopoly corporate power, especially—of critical importance in an age of nationalism—foreign corporate power. (The restraint of such abuses need not interfere with the ability to accumulate capital and can be shown to be in the long-term interest of the entire bourgeois class.) The record reveals that all nine of the democratic or redemocratising countries have strong state apparatuses, which have been used to monitor and to regulate the activities of both local and foreign enterprises.<sup>22</sup> Meaningful economic planning has become the rule rather than the exception; it almost always incorporates reliable statistical data and effective administration, the results of the increased competence and experience of state personnel.

The newfound ability of Latin American state apparatuses to embody and project plausibly 'national' interests is also seen in the area of foreign policy. On key issues of regional import (such as the Malvinas war, the Central American and Caribbean crises, defence of the 200-mile limit of territorial waters, investment disputes, the campaign for a New International Economic Order, protection of the sovereign right to obtain military assistance from any source), the states of Latin America no longer defer routinely to the preferences of the hemisphere's hegemonic power. Indeed, the Organisation of American States has been largely transformed from an institutional expression of US hegemony to a forum in which the 'Yanqui' can be called to account; and one hears frequent mention of the possibility that the OAS may one day be reconstituted as a purely Latin American institution.

Concurrently, the stock of direct foreign investment in Latin America has increased by leaps and bounds; it has reached a total value in excess of US\$40,000 million. Over two-thirds of the increase during the past two decades has involved the manufacturing sector. Transnational corporations, often operating through joint ventures with parastatal

<sup>22</sup> On Brazil see Peter Evans, *Dependent Development*, Princeton: Princeton University Press, 1979. On Peru see David G Becker, *The New Bourgeoisie and the Limits of Dependency*, Princeton: Princeton University Press, 1983.



and/or private domestic enterprises, have figured prominently in the 'deepening' of Latin American industrialisation—that is, the relative shift of the product mix away from nondurable wage goods and toward consumer durables and producer's goods: chemicals, plastics and synthetic fibres, basic metals, motor vehicles, production machinery, and so forth. As I have pointed out, not every variant of *dependencismo* is confounded by this investment trend. However, all *dependencista* paradigms anticipate and predict a negative correlation between it and democratic capitalism.

What do the data show? From 1967 to 1975 (the latest year for which complete data could be obtained), the Latin American countries which today are, or are on the way to becoming, capitalist democracies saw a 60 per cent increase in direct foreign investment—a 28 per cent increase in per capita terms. At the end of the period their combined stock of direct foreign investment amounted to US\$103 per capita. The other countries of the region experienced a 30 per cent increase, only 2 per cent on a per capita basis; at the period's end, their combined stock of direct foreign investment was worth US\$50 per capita. The correlation between direct foreign investment and the potential for capitalist democracy thus turns out to be positive—exactly the opposite of the *dependencista* prediction.

To raise the possibility, nowadays, that relationships between transnational enterprises and developing countries can be mutually beneficial is to be suspected of apologetics in the service of capital. This is another symptom of our habit of thinking about those relationships in system-maintenance rather than in dialectical terms. Consider, in contrast, what a dialectical perspective might suggest: (a) The challenge of economic denationalisation posed by the transnationals' presence is likely to call forth, sooner or later, a nationalist reaction; it usually takes the form of a strengthening of the regulatory and economic policymaking organs of the state;<sup>33</sup> (b) The transnationals, themselves, unwittingly help to nourish the domestic manageriat and technocracy that, out of self-interest, bring about the reaction; they do it by means of staff training, technical assistance, and demonstration; (c) Due to their greater profitability, home-country experience, and political sensitivity in a foreign and potentially hostile environment, transnational firms are frequently less resistant to unionisation of their workers than are

<sup>33</sup> One of those who have recognised this relationship is Alfred Stepan, *The State and Society*. Princeton: Princeton University Press, 1978, pp 235–6.

domestic employers.<sup>34</sup> The domestic bourgeoisie often views this tendency with equanimity, at first; for, if the transnationals are made to pay higher wages, their competitive advantages are somewhat reduced. But the eventual outcome is usually a stronger labour movement across the board, especially if better-paid workers in the transnationals' employ prove willing to tax themselves in order to subsidise the organisation of their less fortunate brethren in the employ of local firms. That degree of working-class solidarity is not uncommon in Latin America.

Empirical investigation encourages us to examine three additional propositions about the role of transnational corporations in development:

- 1) The transnationals are indifferent, not antagonistic, to democratic governance. They seek access to natural resources and to markets; stable economic environments; and the advantage of lower prevailing wages than in the metropoli. Their behaviour indicates that, whatever the ideological predilections of their representatives on the scene, they have rarely acted as if they believed that a particular set of (presumably, 'orthodox') economic policies were necessary to achieve stability. In Chile, monetarist orthodoxy has not attracted much new foreign investment but instead has deindustrialised the economy. On the other hand, transnational corporations have invested heavily in Argentina, Brazil, Mexico, and Peru despite their economic interventionism, expansionary policies, and, in Peru's case, implementation of far-reaching property and social reforms.
- 2) As Albert Szymanski demonstrates for a cross-section of developing countries, the past twenty-odd years have witnessed a net influx of foreign capital in spite of profit remittances.<sup>35</sup> In any event, it is misleading to think of capital outflows via remitted profits and other transfers as a siphoning-off of economic surplus.

<sup>34</sup> The counterargument is that transnational corporations 'superexploit' local labour by virtue of technological 'deskilling' of the labour force and reliance on developing countries' 'industrial reserve armies' to keep wages at or below the subsistence level. The argument is without merit and is in any case falsified by comparative wage data within any developing country. 'Deskilling' means that artisan skills, which can only be mastered through long experience and which are thus the 'property' of the worker, are replaced by routinised skills which can in principle be taught to anyone. But the mechanical skills at issue are still considerable by the standards of societies at an early stage of industrialisation. For this reason, workers who are skilled enough to be trusted with complex machinery are relatively scarce in developing countries; when they go on strike, as they often do, they cannot be replaced by any unemployed person hauled off the street.

<sup>35</sup> Albert Szymanski, 'Capital Accumulation on a World Scale and the Necessity of Imperialism', *The Insurgent Sociologist* 7(2) 1977, pp 35-53.

What actually happens is that incoming capital investment increases the size of the surplus by introducing new productive activities, after which a small part of this *increase* is taken out; most of it remains behind in the form of local wages, taxes, and purchases.

3) While direct foreign investment is in part attracted to the 'periphery' by the promise of lower wages, the fact that transnational firms are capital-intensive means that absolute wage rates are not a crucial consideration for them. A 'pull factor' of equal or greater significance is access to local markets, which is controlled by states and must be bargained for.<sup>26</sup> Even though income concentration may be a viable short-term strategy—if the host country has a large population—for expanding the market for the consumer durables in which many transnationals specialise, long-term market growth depends on increasing the numbers and purchasing power of all participants in the cash economy. Thus, the transnationals' wage concerns are partially counterbalanced by an interest in improving the purchasing power of their workers and of other subordinate groups; they may benefit from land reform as well (as they have in Peru), since its tendency to raise food prices, and thence wages, is offset by the fact that in the longer run it converts former subsistence peasants into commodity farmers and consumers of manufactured goods.

### Post-imperialism and Class Formation

Unless one's approach to the topic is motivated more by doctrine than by science, these observations call inescapably for a new paradigm of Latin American development. The new paradigm need not be a mirror-image of *dependencismo*, viewing capitalism as uniformly progressive, nonexploitative, and free of internal contradiction. However, it should conceptualise capitalist domination and exploitation in class, not national, terms. These are features of Sklar's paradigmatic conception, post-imperialism.<sup>27</sup>

<sup>26</sup> The argument does not apply to the case of export-platform industrialisation, which usually concentrates on precisely those labour-intensive operations that can no longer be profitably performed at metropolitan wage rates. But industrialisation of this sort, though it exists in places (e.g., in Mexico's northern frontier zone), is not the norm in Latin America.

<sup>27</sup> Richard L. Sklar, 'Postimperialism: a class analysis of multinational corporate expansion', *Comparative Politics* 9(1) 1976, pp 75–92. Postimperialist thought is rapidly gaining ground in African studies: see Sklar, *Corporate Power in an African State*, also his 'The Nature of Class Domination in Africa', *Journal of Modern African Studies* 17(4) 1979, pp 531–52; also Sayre P

Post-imperialism signifies transnational class domination on a global scale, a stage of world capitalist evolution that is just now making its debut. Transnational enterprises are integrating the world economy, and their action produces and reproduces an international bourgeois class. The members of this 'corporate international bourgeoisie' are united by mutual interests transcending those expressed through the states whose passports they happen to carry; they are true cosmopolitans. Although transnational managers and 'home'-state authorities remain friendly with each other, the former can no longer count on the imperialist power wielded by the latter to win them the 'peripheral' markets and investment outlets that are necessary to the expanded reproduction of capital.

(I hasten to add that post-imperialism, having rejected functionalism in all its guises, has no difficulty in acknowledging the continued existence of imperialism. Metropolitan states do not set aside imperialist policies just because international capital has ceased to 'have need' of them. As J A Hobson understood,<sup>28</sup> imperialism may persist because it advances the politico-military interests of a governing group, aids certain economic interests that are not fully integrated into the international circuits of capital and that need state protection, etc.)

In a post-imperialist world, capital's access to the 'periphery' is secured by ideological and political means. The international bourgeoisie is motivated by an ideological *doctrine of domicile*,<sup>29</sup> a particular manifestation of capitalism's separation of the political from the economic sphere. This doctrine holds that there is no innate antagonism between the global (and economic) interests of transnational corporations and the locally-focused (and chiefly political) national aspirations of developing host countries; it instructs corporate subsidiaries to behave like 'good citizens' of the host country. (A 'good citizen' obeys the law, acts in conformity with local behavioural norms, and does not work to contravene well-understood national interests.) A corollary is that transnational firms can be, simultaneously, 'good

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Schatz, *Nigerian Capitalism*, Berkeley and Los Angeles: University of California Press, 1977. Colin Leys, *Underdevelopment in Kenya*, Berkeley and Los Angeles: University of California Press, 1974, pictured the domestic bourgeoisie in *dependencista* terms, as a class 'auxiliary' to foreign capital; but in his 'African Economic Development in Theory and Practice', *Daedalus* 111(2) 1982, pp 99-124, he has left that position completely behind in order to embrace a postimperialist view. To my knowledge, the first attempt at a postimperialist analysis of a case of Latin American development is Becker, *The New Bourgeoisie and the Limits of Dependency*.

<sup>28</sup> J A Hobson, *Imperialism: A Study* (rev edn) London: Allen and Unwin, 1938.

<sup>29</sup> Sklar, *Corporate Power in an African State*, pp 182-8.

citizens' of every country, including the 'home' country, where they do business.

The doctrine of domicile is an element of the corporate international bourgeoisie's hegemonic world view. Like any hegemonic ideology, it 'has its basis in the perception of the apparently intelligible order of the social reality . . .' That is, '*it works*, both cognitively and in practice'<sup>30</sup>—whence the possibility of mutually beneficial transnational-host country relations. These relations are, of course, mutually beneficial *in an institutional context*; their dominative and exploitative content is only exposed when the tool of class analysis is brought to bear on international capitalism. In contrast, all forms of *dependencista* analysis, based as they are on territorial delineations (whether conceived as individual nations or as 'core' and 'periphery'), are institutional despite the use that they make of class-analytical rhetoric.

No guarantees can be offered that the host country will invariably benefit from each and every relationship it maintains with a transnational firm. The local state must help to propitiate that outcome by adopting and enforcing an authoritative definition of 'good corporate citizenship' which does not impinge on the transnationals' central concern—the opportunity to make profits—or on their world market strategies and other global interests. Increasingly nationalist local states—sometimes the result of organisational revolutions that institutionalise nationalist tendencies, sometimes the outcome of gradual political evolution—serve the interest of post-imperialist international capital (here is the other side of the relationship of mutual benefit) because their profound commitment to development makes it easier for them to contain or deflect anticapitalist class action by popular groups. Moreover, they legitimate the local presence of transnational enterprise to the extent that they resolve ideologically the contradiction between that commitment and global capital accumulation.

Strong, capable, institutionally nationalist states arise not *ex nihilo* but when they are constructed by members of society who have the power to do so and whose class interests will thereby be promoted. Thus, the postimperialist paradigm focuses analytical attention on the question of class formation: *viz.*:

the process by which individuals (1) become aware that they share specific interests and a specific orientation toward the existing mechanisms of power and control; (2) form

<sup>30</sup> John Mepham, 'The Theory of Ideology in Capital', in *Marxist Philosophy Vol. III: Epistemology, Science, Ideology*, J Mepham and D-H Ruben (eds), London: Harvester Press, 1978, pp 141–69; his emphasis.

social bonds on the basis of that [awareness]; (3) organise to secure . . . advantages for themselves; and (4) collectively employ their political assets to that end.<sup>31</sup>

A chief aim of the analysis is to determine how class formation processes at work in different sectors of the society affect the nature and actions of the state—particularly, its ability to manage the society's relationships with international capital.

As a rule, transnational corporate action, in newly industrialising countries tends to condition and facilitate the emergence therein of domestic bourgeois groups which, while holding 'junior membership' in the international bourgeoisie, have a class interest in broadly-based industrial development at the national level;<sup>32</sup> indeed, this interest complements those groups' international concerns, since it ratifies in their class practice their aspiration to *full and equal membership* in the international bourgeoisie. The national 'new bourgeoisie' is a state-building class element; but its relationship to state power is dialectical, not causative—another way of saying that its formation is also conditioned and facilitated by state action. In semi-industrial societies like those of much of Latin America, where the process of economic development relies heavily upon the corporate form of enterprise (parastatal as well as private), the 'new bourgeoisie' is a *corporate national bourgeoisie*.<sup>33</sup> This class stratum is:

the economic and political hinge [point] between local societies and the metropoli. Yet, inasmuch as [it] . . . need [not] opt for *either* national *or* metropolitan concerns, [it] can be nationalist and developmentalist without contradicting [its] international interests. As [its] dominance is not narrowly self-serving, [that dominance] does not need to rest on coercive force and can be consistent with formal democracy.<sup>34</sup>

A local dominant class of this character has a potential for hegemony. Insofar as transnational enterprise contributes to host-country industrialisation, it assists the corporate national bourgeoisie to demonstrate its nationalist *bona fides* and, thereby, to maintain its social control with the consent of the people at large.

At the same time, the corporate national bourgeoisie is an active class subject, not a mere systemically-generated object, and has a capacity to influence the action of international capital even while being shaped by

<sup>31</sup> Becker, *The New Bourgeoisie and the Limits of Dependency*, p. 15. I note that class formation as here defined 'corresponds generally to the Marxian idea of a transition to the condition of a class *für sich*'. On the latter see Karl Marx, *The Poverty of Philosophy*. New York: International Publishers, 1963.

<sup>32</sup> These groups constitute the 'local wing' of the corporate international bourgeoisie; see Sklar, 'Postimperialism', *op. cit.*

<sup>33</sup> Becker, *The New Bourgeoisie and the Limits of Dependency*, pp. 330–36.

<sup>34</sup> *Ibid.*, p. 13.

it. Therefore, the current international division of labour is not forever fixed; although world capitalist development is uneven, some 'peripheral' countries may one day attain metropolitan status (and some present metropolises may decay to 'peripheral' status) without contravening the fundamentals of the international order.

Lastly, it must be remembered that the formation of a corporate national bourgeoisie does not take place in a societal vacuum. Processes of proletarian class formation are also under way.<sup>35</sup> Conditioned, too, by transnational enterprise, a new working class is emerging that is technologically literate, industrially disciplined, and organisationally strong. Unlike the violence-prone protoproletariat, easily manipulated by populist demagoguery, that it is replacing, the new working class has a certain economic stake in the social order and considerable confidence in its ability to wring concessions from the state and the dominant class. In consequence, it is not insurrectionary. The corporate national bourgeoisie, for its part, has less reason to fear these demands for accommodation than did its predecessor. Its interest in meeting them combines with other bourgeois interests to create a political atmosphere that is much friendlier to democratic governance than that of a previous era.<sup>36</sup>

### Conclusions: progressive praxis versus 'dependencismo'

Far from being old liberal wine in new Marxian bottles, as diehard *dependencistas* are wont to charge, post-imperialism offers a more telling critique of late-capitalist class domination in developing countries than *dependencismo* could ever manage. It is able to because it does not distort or wave away observed reality, does not substitute nationalism

<sup>35</sup> Colin Henfrey, 'Dependency, Modes of Production, and the Class Analysis of Latin America', *Latin American Perspectives* 8 (30-31) 1981, pp 17-54, makes the argument that *dependencista* class analysis, despite its Marxist pretensions, has regularly neglected the proletariat and, for that reason, is more properly considered elite analysis. See also Eugene F Sofer, 'Recent Trends in Latin American Labour Historiography', *Latin American Research Review* 15(1) 1980, pp 167-76.

<sup>36</sup> The case for a bourgeois class interest in democracy is made by Bob Jessop, 'Capitalism and Democracy: the best possible political shell?', in *Power and the State*, Gary Littlejohn *et al* (eds), New York: St Martin's, 1978, pp 10-51; and by Göran Therborn, 'The Travail of Latin American Democracy', *New Left Review* (113-114) 1979, pp 71-109. Therborn maintains that only under a system of pluralist participation can any bourgeois functional group be assured that its rivals within the class will not capture the ear of the state authorities and, with them, ride roughshod over its particular interests. Since the bourgeoisie is rent by internal conflict over such interests, pluralist democracy, alone, provides for the consensual aggregation of what will become the whole bourgeoisie's common class interest. But political democracy has its own logic: once established, it cannot be limited to the bourgeoisie and its allies.

for class analysis, and does not fall back upon static, teleological explanation. It does not picture capitalism as uniformly progressive; instead its portrait simply includes the fact that:

*some of what is happening . . . is . . . still development: painful, wasteful, and ruthless, like early capitalism everywhere, but development nonetheless. . . . In the sufferings of the masses . . . there is also a certain potential for advance. The failure to recognise and grapple with this renders dependency theory misleading and hence impotent in relation to those areas where the advance has occurred.*<sup>87</sup>

Postimperialism owes no slavish obedience to doctrine; it regards Marx and other classical thinkers as intellectual precursors rather than Delphic oracles. But it is not blindly eclectic and, in fact, is more faithful than are most strands of *dependencista* thought to Marx's anti-Utopian comprehension of historically evolved social structures as limitations on the course of collective action.

Post-imperialism shares the Marxian perspective that theories of development are to be judged in large part according to their contribution to a progressive praxis. It insists that such a praxis must work toward the attainment and perfection of democracy *in addition to* economic equality; and that all forms of democracy are intrinsically more favourable in the long run for popular-class interests than is any form of authoritarianism.

Let us consider in this light the tasks confronting a progressive praxis in Latin America. The socioeconomic reconstruction that led to the ascent of corporate national bourgeoisies did not materially reduce the dependence of the region's local economies on the state of the world economy. Hence, the recession that has afflicted the latter has seriously impaired the health of the former. It is heartening—and a confirmation of the validity of the post-imperialist viewpoint—that economic difficulties have not, thus far, brought with them a relapse into military rule. Neither have economic reverses encouraged nationalist or populist demagoguery to anything like the degree that they did some years ago. Still, we cannot be too sanguine about the prospects for democratic survival, given the newness and fragility of participatory institutions as well as the dearth of norms of nonexclusionary, limited government in the political tradition. In this climate of uncertainty, the practices of politically active groups can be determinant. Progressives ought not to underestimate the repressive capabilities of the military and their willingness to use them, with or without bourgeois support, if faced with a danger of social dissolution. And we must not overestimate the ability

<sup>87</sup> Colin Leys, 'African Economic Development in Theory and Practice', p 105.



of the industrial proletariat, which is yet at an early stage of its formation and which does not approach a societal majority, to lead a transition to socialist democracy. A counsel of revolution, the stock-in-trade of Left ultranationalism, is irresponsible and dangerous in the present conjuncture.

(This analysis applies only partially, however, to Chile and Uruguay, where it is vital that a broad political coalition continue its agitation for a military *salida*. Nor does it apply at all to the oligarchic dictatorships of Central America, where the rebellions now in progress probably represent the only progressive option.)

But *dependencismo* remains an ideological force to be reckoned with. Paradoxical though it may seem, in insinuating itself into the popular consciousness throughout Latin America, *dependencismo* is performing yeoman service in helping to legitimate the new capitalist order. By plausibly attributing the present economic difficulties to an international economy that no Latin American government, alone, can hope to alter, it enables the local dominant classes to avoid being held responsible for them.

A legitimating ideology does not have to value and justify the status quo in explicit language. Since people normally do not desert a sociopolitical order unless they can conceive of something both better and attainable, ideology can accomplish its purpose surreptitiously if it undercuts or excludes from the agenda a radical critique leading to a feasible strategy for effecting change. In fact, it can be more efficacious when it functions in this manner because its Utopianism is a moral critique, but only a moral critique, of the status quo. An order that can tolerate moral criticism advances a claim to eventual self-perfection.

*Dependencismo* is Utopian because the only alternative it can propose is immediate, universal socialist revolution followed by economic autarky; and because it finds little to praise in political action that works within the bounds of capitalist democracy or that settles for less than absolutist goals. Its critique of the corporate national bourgeoisie on ultranationalist grounds, if morally appealing to some, is otherwise unconvincing, as it has no theory of how another kind of social order might resist the overwhelming power of international capital. Equally unconvincing is its implicit Leninist elitism, which today's more sophisticated working classes have seen through and do not admire. Consequently, *dependencismo* disarms popular class action that seeks a middle way between insurrectionism and 'economism'.

Of course, *dependencismo* is not alone in acting as an ideological prop

for a social order quite different from what its teachings seem to advocate. North American evangelical Christian fundamentalism performs a similar service when it puts forth its moral critique of oligopoly power, corporate internationalism, and some aspects of mass consumer society, and when it posits a Utopian alternative: a return to an individualist, market-capitalist, patriotic society. And David Shipler has recently taken note of the legitimating role of an ascendant Great Russian nationalism which, though apparently critical of many aspects of Soviet rule, actually upholds it by offering in its stead nothing better than a vaguely outlined religio-political statism.<sup>22</sup>

Progressives need to consider with due care whether an ideology that keeps company such as this is worthy of their allegiance.



<sup>22</sup> David K Shipler, *Russia: broken idols, solemn dreams*, New York: New York Times Books, 1983.

## **The Grenada Invasion in Historical Perspective: from Monroe to Reagan**

The United States-led invasion of Grenada on 25 October 1983—for whatever motives and however warmly welcomed by many Grenadians—was a clear violation of the United Nations Charter and, more specifically, of the Charter of the Organisation of American States (OAS), of which both the United States and Grenada are members.<sup>1</sup> For Article 18 of the OAS Charter declares that 'No State or group of States has the right to intervene, directly or indirectly, for any reason whatever, in the internal or external affairs of any other State . . .'; and Article 20, 'The territory of a State is inviolable; it may not be the object, even temporarily, of military occupation or of other measures of force taken by another State, directly or indirectly, on any grounds whatever . . .'.<sup>2</sup> The invasion was widely regarded as part of a bellicose foreign policy being pursued by President Ronald Reagan.

But the invasion must also be seen as a contemporary application of a policy formulated by a much earlier President, James Monroe, whose 'Doctrine' has been central to United States policy in the western hemisphere ever since his famous pronouncement of 1823. It also accords with policies followed by Reagan's more recent predecessors in the face of a perceived threat from international communism, especially since the Cuban revolution. This article will consider the Grenada invasion against the background of traditional United States policy in the region, and within the context of the Cold War, in assessing its significance for President Reagan's relations with Latin America.

### **The Monroe Doctrine and the Intervention Issue**

The constant factor which historically has shaped its Latin American policy is that the United States possesses weak neighbours who, of themselves, can neither threaten its security nor effectively challenge its inevitable hegemony over them. Such a threat or challenge can arise

<sup>1</sup> The membership of the OAS, which consisted originally of the United States and the twenty republics of Latin America, has increased to include newly independent countries of the Caribbean region, most of them also members of the Commonwealth.

<sup>2</sup> These articles, quoted from the OAS Amended Charter (which came into effect in 1970), were identical in the original (signed in 1948), but differently numbered.

only through 'extra-continental intervention': that is to say, from non-American powers penetrating Latin America. Ever since the countries of the region became independent, United States policy towards them has focused upon preventing this. Such is the essence of the Monroe Doctrine, based upon the premise that the United States would consider the extension of a non-American 'system' to any part of the western hemisphere as 'dangerous to our peace and safety'. This came to mean that the United States would not permit the countries of Latin America to enter into international relationships outside the hemisphere which could threaten its security. To discourage such relationships (which Latin Americans might seek in order to weaken its domination of the region), the United States fostered the idea of a special relationship between itself and Latin America, and a common interest in preventing extra-continental intervention. This idea was Pan-Americanism, and from it there developed the 'inter-American system', of which the present OAS is the principal institution.<sup>3</sup>

Through the inter-American system the United States hoped to obtain Latin American acceptance of the central premise of the Monroe Doctrine, while retaining the latter as its own national policy. But the Doctrine was generally unpopular in Latin America since, while directed against extra-continental intervention, it inevitably became associated with intervention in the region by the United States itself. This association was firmly established by the 'Corollary' pronounced by President Theodore Roosevelt in 1904, which claimed that the Monroe Doctrine gave the United States the right to intervene in the countries of the western hemisphere when it considered it necessary to forestall intervention by non-American powers. Theodore Roosevelt was especially concerned that the breakdown of orderly government in Latin American countries might give 'foreign' powers the occasion to intervene to safeguard their interests. Thus he assumed for the United States the role of international policeman in the region.<sup>4</sup> At the same time, it became an almost automatic reaction in Washington to see any serious threat to United States interests in Latin America as deriving from the machinations of some non-American power. In the early decades of the twentieth century, there were frequent United States

<sup>3</sup> For a history of the organisation, see Gordon Connell-Smith, *The Inter-American System*, London: Oxford University Press for the Royal Institute of International Affairs, 1966.

<sup>4</sup> The Roosevelt Corollary is analysed in Connell-Smith, *The United States and Latin America: an historical analysis of inter-American relations*, London: Heinemann Educational Books, 1974, pp 115-21.

interventions in the Central American-Caribbean region, sometimes leading to lengthy occupations. These were generally followed by the emergence of dictators, willing to serve United States interests—and their own—rather than those of the people over whom they ruled.

These interventions aroused great indignation throughout Latin America and were a major obstacle to the achievement of 'continental solidarity', which United States leaders became increasingly anxious to promote in the years between the two world wars. Eventually, President Franklin Roosevelt (1933–45) accepted 'the principle of non-intervention' as the core of his 'Good Neighbour' policy towards Latin America. This involved the repudiation of the earlier Roosevelt's Corollary to the Monroe Doctrine and the disavowal of unilateral armed intervention. Perhaps Franklin Roosevelt regarded 'the Caribbean dictator as the best alternative to direct intervention to guarantee stability and safeguard American economic interests'.<sup>5</sup> Certainly, his 'Good Neighbourhood' included such cooperative dictators as Somoza in Nicaragua, Batista in Cuba and Trujillo in the Dominican Republic. The United States developed more subtle instruments of intervention against recalcitrant governments in Latin America, such as non-recognition, withholding of financial assistance and what later came to be called 'destabilisation' (support for their opponents in overthrowing them). At the same time, United States leaders believed they could obtain support from enough Latin American governments to 'multilateralise' the use of force should situations arise in which they considered armed intervention was necessary. Moreover, in spite of its subscription to the comprehensive 'non-intervention' articles subsequently included in the OAS Charter, it would have been unrealistic to believe that in no circumstances would the United States intervene unilaterally with armed force. The Monroe Doctrine was still central to its Latin American policy, and it had not been 'Pan-Americanised'. This became evident when, after World War II, the United States was faced by what it perceived as a serious threat from international communism.

### **The Challenge from International Communism**

After World War II the United States, while greatly expanding its interests and commitments in other regions of the world, remained determined not to tolerate non-American intervention in 'its own hemisphere': a policy which, in another context, has been described as

<sup>5</sup> Lester D Langley, *The United States and the Caribbean in the Twentieth Century*, Athens, Georgia: The University of Georgia Press, 1982, p 149.

'a closed hemisphere in an open world'.<sup>6</sup> The tradition of perceiving serious threats to United States interests in the region as emanating from extra-continental intervention encouraged Washington to see these now as the work of international communism. Thus in 1954 the Eisenhower administration alleged that Guatemala was a 'communist beachhead' in the western hemisphere. The government of that small Central American country, headed by President Jacobo Arbenz, was carrying out an agrarian reform programme detrimental to a powerful United States company and, according to Washington, forging dangerous links with Moscow. At the Tenth Inter-American Conference, held at Caracas in March 1954, the Secretary of State, John Foster Dulles, endeavoured to secure OAS acceptance of a resolution whose core encapsulates the United States position on the issue of international communism in the western hemisphere—then and ever since:

That the domination or control of the political institutions of any American State by the international communist movement, extending to this hemisphere the political system of an extra-continental power, would constitute a threat to the sovereignty and political independence of the American States, endangering the peace of America, and would call for appropriate action in accordance with existing treaties.<sup>7</sup>

This was, in effect, an endorsement of the Monroe Doctrine, which would be challenged by the very existence of a communist government in the western hemisphere. The Latin Americans were not prepared to support such a resolution, for it could be used to justify intervention against any government which the United States might denounce as communist. They knew it was intended, specifically, to justify action to overthrow the Arbenz government of Guatemala, and many of them did not accept Washington's claim that the latter was dominated by communists.

In view of Latin American objections, the key passage was amended to provide for consultation to *consider* appropriate action. The amended resolution did not furnish the United States with a firm basis for 'collective intervention' against Arbenz. Subsequently, with the collaboration of two of Guatemala's neighbours, Honduras and Nicaragua, the Central Intelligence Agency (CIA) engineered an invasion by Guatemalan exiles, and Arbenz was replaced by a right-wing dictator chosen by the United States. President Eisenhower (1953–61) and Secretary Dulles mendaciously asserted that Arbenz's overthrow had been the work of the Guatemalan people. Far from a

<sup>6</sup> David Green, *The Containment of Latin America: a history of the myths and realities of the Good Neighbor Policy*, Chicago: Quadrangle Books, 1971, p. 255.

<sup>7</sup> Quoted in Connell-Smith, *Inter-American System*, op. cit., p. 230.

victory for democracy, as Washington also claimed, it was the end of a much-needed social reform programme and the beginning of a long period of repression and violence in Guatemala from which the people were still suffering nearly three decades later. In the judgement of one historian of the event, 'The CIA's 1954 coup made moderation impossible'.<sup>8</sup>

In historical perspective, the Guatemala affair may be seen as the prelude to the much more serious challenge from the Cuban revolution, and, indeed, it helped to shape the environment in which the confrontation between Fidel Castro and the United States took place. There has been considerable—but inconclusive—debate over Castro's communist sympathies in the early stages of his revolution. There is no doubt of his determination to bring about far-reaching changes in Cuba which would end the privileged position hitherto enjoyed by the United States in the island's affairs: no doubt, that is, of his 'revolutionary nationalism'. This being the case, it is difficult to envisage any politically feasible course whereby a United States administration could have averted the clash that, in fact, ensued. And in the virtually inevitable struggle with Washington, Castro could hope to survive only with Soviet support. Thus there came about the situation which historically it had been the major objective of United States Latin American policy to prevent. The alignment of Cuba with the Soviet Union was the clearest possible violation of the Monroe Doctrine. As if to emphasise the point, Mr Nikita Khrushchev, the Soviet leader, declared in July 1960 that the Doctrine was dead.

In reaffirming the validity of the Monroe Doctrine, the United States made clear its position that 'communism is not negotiable in this hemisphere'. If Castro did not sever his links with international communism—a course which, in practice, would have meant the end of the Cuban revolution—he must be removed. But, as in the case of Guatemala earlier, the United States did not have Latin American support for collective action to achieve this end. And again recourse was had to covert intervention, with the connivance, on this occasion, of Guatemala and Nicaragua. But the CIA's conscious attempt to repeat its Guatemalan success against Castro ended in humiliating failure: the Bay of Pigs fiasco. It is ominous that former supporters of Batista were favoured by those organising the invasion by Cuban exiles, and there can be little doubt that a right-wing dictatorship would have followed

<sup>8</sup> Richard H Immerman, *The CIA in Guatemala: the foreign policy of intervention*, Austin: University of Texas Press, 1982, p 201.

Castro's overthrow had this been achieved. However, the Cuban leader survived the Bay of Pigs—as well as a number of more bizarre attempts by the CIA to dispose of him—to give encouragement and aid to revolutionaries in Latin America and other regions of the world.

While by no means reconciled to the permanence of Cuba's alignment with the Soviet Union, the United States was determined to ensure that 'no more Cubas' should be established in Latin America. This determination was demonstrated when civil war broke out in the Dominican Republic in 1965. An uprising had occurred with the proclaimed objective of restoring to power the constitutionally-elected President, Juan Bosch, who had been overthrown by a coup two years earlier. While the outcome was still in doubt, President Lyndon B Johnson (1963–9) sent in American forces in order, he said initially, to safeguard the lives of United States citizens and other foreign nationals—allegedly at the request of 'the military authorities' in the Dominican capital.<sup>9</sup> Soon he revealed his principal motive: to prevent a communist take-over of the country. But, whatever his motives, Johnson's intervention was a clear violation of the OAS Charter. Nevertheless, the United States turned to the OAS to multilateralise its intervention by establishing an inter-American peace force. This it achieved, in spite of considerable opposition and scepticism over Johnson's claims regarding the extent of communist influence among the insurgents. But Brazil alone of the larger Latin American countries contributed forces. It is noteworthy that a military coup the previous year—encouraged by the United States—had given Brazil a new, strongly anti-communist government. Other, very small contingents came from Costa Rica, El Salvador, Honduras, Nicaragua and Paraguay. The insurgents were defeated, and subsequent elections, internationally supervised (but not preceded by a meaningful campaign), brought victory to the candidate favoured by the United States, a former lieutenant of the dictator Trujillo, over Bosch, whom Washington regarded as 'soft on communism'.

Thus the Dominican intervention was a success for the United States: the possibility of a 'second Cuba' being established in Latin America had been removed. But it was a severe setback for the OAS. It was becoming increasingly difficult to maintain the idea of a special relationship between the two Americas. In the previous year (1964),

<sup>9</sup> This 'request' was solicited by the United States Ambassador on instructions from Washington. Moreover, by the time it was obtained, the marines had been ashore for hours. See, for example, Abraham F Lowenthal, *The Dominican Intervention*, Cambridge, Massachusetts: Harvard University Press, 1972, p 104.



the first United Nations Conference on Trade and Development (UNCTAD) was an important landmark in the emergence of the North-South Dialogue, and Latin Americans were coming to identify themselves with the Third World—though formally allied with the United States.<sup>10</sup> These developments were well under way when, in September 1970, Salvador Allende, an avowed Marxist, was elected President of Chile at the head of a left-wing coalition. After failing to prevent Allende's election, the Nixon administration weakened his position through international economic and financial pressures, as well as covert 'destabilising' operations within Chile. Finally, as in the case of Brazil earlier, the military overthrew the elected President. But the Chilean coup, in 1973, was violent—involving Allende's death during the fighting—and the new government embarked upon a policy of brutal repression, causing world-wide condemnation and helping to make human rights a major international issue.

President Carter decided to emphasise the question of human rights in his relations with Latin America. But his most significant act was the conclusion of treaties with Panama relinquishing United States control of the Canal. Moreover, modest steps were taken towards normalising relations with Cuba, 'interests sections' being established in friendly embassies in the two countries. President Carter's Latin American policy—especially the Canal treaties—was strongly criticised in the United States. The most influential critic was Ronald Reagan, by now a presidential aspirant. In Reagan's view, the Panama Canal Zone was 'ours' and not to be given away at the behest of a 'petty dictator'.<sup>11</sup> Mr Carter was also accused of weakening allies in the region by putting pressure on them to improve their performance on human rights; and, specifically, of undermining the position of President Somoza of Nicaragua. President Carter's Latin American policy was dealt several blows in 1979: the alleged discovery of a Soviet combat brigade in Cuba, the aftermath of the overthrow of Somoza, and a left-wing coup in the small Caribbean island of Grenada. The case of Nicaragua was particularly damaging to Carter. His administration joined with a majority in the OAS calling for Somoza's resignation, but it was unable to secure a new, 'moderate' Nicaraguan government acceptable to the United States. The triumph of the left-wing Sandinistas<sup>12</sup> gave encour-

<sup>10</sup> Through the Inter-American Treaty of Reciprocal Assistance (Rio Treaty) of 1947.

<sup>11</sup> Walter LaFeber, *The Panama Canal: the crisis in historical perspective*, New York: Oxford University Press, 1978, p 190.

<sup>12</sup> The Sandinistas took their name from Augusto César Sandino, the patriot who opposed the United States intervention in Nicaragua during the late 1920s and early 1930s. Sandino was

agement—and soon brought more active support—to guerrillas fighting against a repressive government in El Salvador. This led President Carter to prepare the way for strong counterinsurgency measures in that country in 1980.

### **President Reagan and Latin America**

When Mr Reagan took office as President in January 1981, there could be no doubt that United States power and influence in Latin America had declined. This was evident from the mere existence of governments such as those of Cuba, Grenada and Nicaragua within its traditional sphere of influence. The extent to which these governments could be regarded as threats to the security of the United States was a matter of debate. In the eyes of President Reagan and his chief advisers, the three countries already constituted bases from which the Soviet Union was engaged in expanding its military power in the western hemisphere. In addition to national security, United States prestige was at stake. The Soviet Union could not be allowed further victories in the American sphere of influence. Indeed, President Reagan was representative of those very many Americans who regarded the Russians as having no legitimate presence in 'their hemisphere' at all.

But the focal point of United States concern over communist expansion in Latin America was El Salvador. It was believed in Washington that, if the left-wing guerrillas were successful there, the whole of Central America would fall, threatening the security of Mexico and, eventually, that of the United States itself. Therefore, Mr Reagan's first steps included more aid and military advisers for the government of El Salvador and economic measures against Nicaragua. The Sandinista government was denounced as providing the main channel through which Cuban and Soviet arms were being supplied to the guerrillas in El Salvador. Nicaragua's neighbour, Honduras, became the centre of Reagan's military strategy in Central America. The United States furnished increasing military aid to the Honduran government and secured base facilities from it. More ominously, the CIA organised, on Honduran soil, an army of Nicaraguan counter-revolutionaries ('Contras'), among whom former members of Somoza's National Guard were prominent. Support was also given to anti-Sandinista forces operating from Costa Rica. These measures aroused criticism in the United States Congress on various grounds. There were fears of a growing military

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murdered in 1934 on the orders (it is generally accepted) of Anastasio Somoza, founder of the Somoza 'dynasty' and father of the dictator overthrown in 1979.

involvement in Central America comparable with what had happened in Vietnam; concern over the dreadful record on human rights of the Salvadoran government; and grave misgivings over the activities of the CIA, which Congress sought means of curbing. Some critics felt the Reagan administration exaggerated the communist threat, and that the situation in Central America called for more democratic government, economic aid and social reforms rather than an escalating military commitment. In response to these criticisms—which threatened the supply of funds to support its policy—the administration pressed the Salvadoran government to improve its performance on human rights, and protested (unconvincingly) that the CIA was concerned only with preventing the flow of arms to El Salvador.

In addition to scepticism in the United States Congress, President Reagan found only limited support for his policy among the countries of Latin America, apart from Nicaragua's close neighbours. He therefore ruled out recourse to the OAS. Mexico, which Reagan saw as particularly threatened by the expansion of communism in Central America, proved his most significant critic. With Colombia, Panama and Venezuela, it formed the 'Contadora group',<sup>13</sup> advocating—to Reagan's embarrassment—the withdrawal of all foreign forces from the region. The group wanted the civil war in El Salvador to be dealt with as a regional rather than a Cold War issue.

Mr Reagan's efforts to disarm his critics had little success. His Caribbean Basin initiative (a programme of economic aid for the area), announced in February 1982, aroused enthusiasm neither among most of the prospective recipients nor in the United States Congress. Its all too obvious link with the President's anti-communist policy was reminiscent of Kennedy's 'Alliance for Progress' two decades earlier.<sup>14</sup> Elections in El Salvador in the following March, which were meant to produce a more acceptable government, failed to do so. In April 1983 Reagan appointed a special envoy, Richard Stone, to tour the region and explore the possibilities of a peaceful settlement in El Salvador. In the following July, he set up a bipartisan commission under the former Secretary of State, Henry Kissinger, to examine long-term policies

<sup>13</sup> Named after the Panamanian island where it held its first meeting in January 1983.

<sup>14</sup> The Alliance for Progress was launched in 1961 to promote economic and social development and strengthen democracy in Latin America. But its main objective was to prevent the spread of 'Castroism', and this encouraged anti-communist governments rather than reforming ones. Not only was there widespread disappointment with the achievements of the Alliance in the economic and social fields, but democracy in Latin America actually was weakened. The early 1960s witnessed a rash of military coups, including the one which overthrew President Bosch of the Dominican Republic.

towards Central America. The President's critics saw both these initiatives as moves to mute criticism of his policy rather than serious attempts to find a peaceful settlement. But they did broaden his options.

Nevertheless, in the autumn of 1983, emphasis was upon military options. For some time substantial United States forces had been engaged in large-scale air, land and sea exercises in Honduras and off the shores of Central America, and these were scheduled to extend into 1984. They could lead to a naval quarantine aimed at preventing communist supplies from reaching the guerrillas in El Salvador. Perhaps more significantly, the increased United States military presence in Honduras provided more backing for the Contras operating from there against the Nicaraguan government. This seemed to be the main thrust of Reagan's Central American policy: to remove the immediate threat from Nicaragua (or, rather, from Cuba and the Soviet Union through that country), which could best be accomplished by overthrowing the Sandinista government. It is ominous that, in a speech to a joint session of Congress on 27 April 1983, President Reagan declared 'We do not seek its overthrow . . . but . . . We should not—and we will not—protect the Nicaraguan government from the anger of its own people'.<sup>18</sup> It has been noted that President Eisenhower publicly described his own (CIA-organised) overthrow of the Guatemalan government in 1954 as the work of its own people. Now, as then, the United States could count upon the collaboration of the offending government's neighbours. If the United States could cut off external assistance to Nicaragua, its increased support of the Contras—whose havens in Honduras its troops would be safeguarding—might be decisive, especially if there could be co-ordination with the anti-Sandinistas in Costa Rica. Should Nicaragua be provoked into hostilities with Honduras, the United States could then come to the latter's aid against Sandinista 'aggression'. This seemed to be the 'scenario' when, on 25 October 1983, Grenada was invaded by United States forces with token contributions from several other Caribbean countries.

### **The Grenada Invasion and its Aftermath**

The left-wing coup of 1979 in Grenada (as has been remarked) had been viewed in Washington as constituting further Soviet expansion in the western hemisphere. The new Grenadan government, led by Maurice Bishop, was openly Marxist and, therefore, looked for

<sup>18</sup> Quoted in *Latin America Weekly Report* (London) 6 May 1983, p 2.

assistance to the Soviet Union and other communist countries outside the hemisphere, and to Cuba. Grenada's growing alignment with the Soviet system clearly represented another serious challenge to the Monroe Doctrine: it was on the way to becoming 'another Cuba'. How far was it a threat to the security of the United States and Latin America? The Reagan administration expressed particular concern over the construction of a new international airport on the island with Cuban and Soviet assistance (as well as participation by Western companies). Although the Grenadan government declared the airport to be necessary for the development of its tourist industry, the United States stressed its potential use by Cuban and Soviet air forces. Some of Grenada's neighbours, notably Barbados, Dominica and Jamaica, voiced fears over the policies being pursued by its Marxist government. These countries were linked with Grenada as fellow-members of the OAS and, in the case of Dominica, of the more recently formed Organisation of Eastern Caribbean States (OECS).<sup>16</sup>

The United States undertook both covert and overt measures against Bishop's government. Most ominous was an amphibious exercise carried out by American forces in 1981. Code-named 'Ocean Venture 81', it involved a simulated invasion of a fictitious island referred to as 'Amber and the Amberines' to overthrow a Marxist regime, organise elections, and install a government acceptable to Washington. Bishop had no doubt that 'Amber and the Amberines' was a flimsily disguised reference to Grenada and the Grenadines, and feared it was a dress rehearsal for an invasion of his country<sup>17</sup>—as in the event it proved to be. In the face of United States pressures and intimidation, Mr Bishop made overtures to Washington to improve relations, but for a long time he was snubbed by the Reagan administration. That was the situation when, on 19 October 1983, he and some of his ministers were murdered after a more extreme left-wing group had taken over. This event provided the United States with an opportunity to remove the threat it perceived from Grenada, and turn back to that extent the expansion of Soviet influence in the region.<sup>18</sup> In its invasion Washington had the collaboration of Barbados, Jamaica and the countries of the OECS. The Prime Minister of Dominica, Miss Eugenia Charles, chairman of OECS, was a leading apologist for the invasion. There was a great deal of

<sup>16</sup> The OECS, formed in 1981, comprises Antigua-Barbuda, Dominica, Grenada, the Grenadines, St Kitts-Nevis, St Lucia, St Vincent and the British colony of Montserrat.

<sup>17</sup> *The Times* (London) 7 November 1983, p 5. See also Tony Thorndike, 'The Grenada Crisis', *The World Today* 39 (12) 1983, pp 468–76.

<sup>18</sup> The possibility that the CIA was involved in creating this opportunity cannot be ruled out.

argument over the circumstances under which the United States formally was invited to intervene in Grenada, but it was impossible to believe that the initiative did not come from Washington.

In this and other aspects, the invasion of Grenada bore a striking resemblance to the Dominican intervention eighteen years earlier. In each case the United States at first declared its motive had been to protect lives in a situation where authority had broken down; and later claimed to have forestalled a communist take-over. Significantly, while American journalists exposed the hollowness of President Johnson's claims in 1965,<sup>19</sup> they were given much less opportunity to investigate those made by President Reagan in the case of Grenada. Both interventions showed that, in spite of its treaty obligations (and the feelings of its allies), the United States would invade another OAS member if it considered its interests demanded such action. Both were, in effect, reassertions of the Roosevelt Corollary to the Monroe Doctrine: claiming the right to act as an international policeman and to forestall extra-continental intervention in the western hemisphere. As a consequence, the OAS was greatly weakened. It played an ignominious role in the Dominican affair, giving legitimacy to action which violated the articles of its charter most cherished by its Latin American members. In the case of Grenada, the United States preferred to use the tiny OECS to give the invasion a multilateral character. When the OAS General Assembly met for its annual session in the following month, the Secretary-General announced his resignation in the light of the organisation's ineffectiveness.<sup>20</sup> Elections had followed the intervention in the Dominican Republic, and they would eventually be held in Grenada. Doubtless, a government acceptable to the United States would be established in the second, as in the first case. Although its combat troops were withdrawn before Christmas, it would be surprising if the United States did not retain a military presence in or near Grenada.

In spite of widespread international condemnation (in Latin America as well as the rest of the world),<sup>21</sup> the invasion of Grenada appeared to

<sup>19</sup> The evidence of these journalists is well presented in Theodore Draper, 'The Dominican Crisis: a case study in American policy', *Commentary* (New York) 40(6) 1965, pp 33-68.

<sup>20</sup> But this may not have been the only reason for the Secretary-General's resignation. Sr Alejandro Orfila, an Argentinian, may have wished to return to public life in his own country following the re-establishment of democratic government there. See *Latin America Weekly Report*, *op. cit.*, 25 November 1983, p 9.

<sup>21</sup> The governments of Latin America were divided on the question, but, generally speaking, it was the most right-wing which supported the United States unequivocally. Mexico was particularly critical of the invasion.

be very popular within the United States. Here at last was a success after recent setbacks in international affairs. Soviet influence—and that of Cuba—had been curbed and, indeed, reduced. The next obvious step was to increase pressure upon Nicaragua, where the government feared it might soon be the object of a United States invasion. The Sandinistas made conciliatory gestures to Washington, offering to end their support of the left-wing guerrillas in El Salvador, make internal changes and conclude nonaggression treaties with their neighbours. But the Reagan administration showed little readiness to respond; nor did it support with any warmth the peace efforts of the Contadora group, which were endorsed by both the United Nations and the OAS. If feasible, the United States wanted to remove the Sandinista government, not to negotiate with it.

Meanwhile, the situation in El Salvador was not going well for the government there, and continuing right-wing atrocities refuelled concern and criticism in the United States Congress—and caused comparable embarrassment to President Reagan. While it could plausibly be claimed that the invasion of Grenada (or 'rescue operation' as Washington preferred to call it) would lead to the restoration of democracy in that island, a similar claim to justify the involvement in El Salvador carried very little conviction. The truth was that United States anti-communist policies in Latin America had for long encouraged repressive right-wing governments rather than democratic ones. Moreover, the United States had been involved in the overthrow of three elected Presidents (those in Guatemala in 1954, Brazil in 1964 and Chile in 1973) and in preventing the return to power of a fourth (in the Dominican Republic in 1965). The argument that democracy would follow upon the defeat of the communists was belied by experience. The record strongly suggested that the overthrow of the Sandinista government in Nicaragua, were it achieved, would be followed by a Somocista one bent on vengeance. By its own policies, the United States was restricted to a choice between what Mrs Jeane Kirkpatrick, a prominent adviser to President Reagan, euphemistically called friendly 'traditional autocracies' and hostile 'totalitarian regimes'.<sup>22</sup> In this situation, it was hardly surprising that Washington almost invariably favoured cooperative right-wing dictators: it had done so long before there was any threat from international communism. It would take a fundamental

<sup>22</sup> Jeane Kirkpatrick, 'Dictatorships and Double Standards', *Commentary* 68(5) 1979, pp 34–45. When he became President, Mr Reagan appointed Mrs Kirkpatrick United States chief representative at the United Nations.

change of policy for the United States to come to terms with revolutionary nationalism, which represented the real challenge in Latin America. No such change of policy seemed remotely possible at the end of 1983—the eve of a presidential election year.

### Conclusion

This article has tried to show that the decision to invade Grenada was based upon a perception of United States interests, and policies formulated to pursue them, extending over very many years; and upon precedents related to the comparatively recent threat (as Washington saw it) from international communism. From the time Castro's Cuba was aligned with the Soviet Union, United States leaders were unwilling to reach a settlement with it based upon acceptance of a Marxist government in Latin America; and, when it proved impracticable (at least for the time being) to remove him, were determined not to permit the establishment of a 'second Cuba' in the western hemisphere. President Reagan, who wanted to reassert United States power and influence in Latin America, found himself faced by what, in his predecessors' perception, as well as his own, amounted to 'two more Cubas' in Nicaragua and Grenada; and a seriously deteriorating situation in Central America. The United States was already involved in the struggle in El Salvador, whose outcome it regarded as critical. The crucial question was whether it could be won without the commitment of American troops. At the end of 1983 this looked increasingly doubtful, even if the Sandinista government in Nicaragua could be neutralised or overthrown.

How would the success in Grenada affect Reagan's policy in 1984? One option would be to 'negotiate from strength', for the invasion of Grenada certainly had made the governments of Nicaragua and Cuba more cautious and, apparently, ready to make concessions. Another was to press ahead to gain more such successes, though Reagan was aware that an invasion of Nicaragua, for example, would be much more prolonged and costly than the Grenada operation—and, with a presidential election campaign in the offing, could be politically disastrous for him. President Reagan's inclination was to 'hold' Central America even at a high cost. But events—and not only in the region—<sup>23</sup> could well force a less palatable policy upon him.

<sup>23</sup> United States involvement in the Middle East, for example, could have a very significant impact upon Reagan's policy in Central America.



## **Oscar Romero: shepherd of the poor**

Archbishop Oscar Romero died of an assassin's bullet on 24 March 1980, as he preached in a chapel in San Salvador. National and world opinion repudiated his killing, and large numbers of Christians, in El Salvador and abroad, saw it as a martyrdom for the Christian faith. Today, large numbers continue to visit his tomb in the San Salvador cathedral to pray, and Christians throughout Latin America venerate his memory.

In death as in life, however, Archbishop Romero has met hostility as well as love. Tens of thousands filled the central square of San Salvador for his funeral, but explosions and gunfire interrupted the ceremony. Possession of his picture can be dangerous for peasants in El Salvador, evidence of subversive tendencies and therefore reason for summary execution. Since the first few days after his death, Salvadoran government officials have rarely, if ever, mentioned his name. The Salvadoran press is equally silent. His death remains uninvestigated and unpunished, like the deaths of tens of thousands of others in El Salvador.

Oscar Romero's assassination came in the context of hostility to the work of the Catholic Church in El Salvador that began, or at least reached crisis proportions, just before he became archbishop in February 1977 and that continues today. Catholic priests, nuns, teachers, and lay workers have been arrested, tortured, beaten and killed. Many priests are prevented from visiting their parishioners and many communities of Christians are unable to meet together for worship and Bible study, especially in the countryside. Catholic churches, schools, convents, the church's radio station and the Catholic university have been attacked with troops, machine guns, bombs and dynamite. As these words are written, the archbishop and auxiliary bishop of San Salvador are under death threats for their condemnations of killings by death squads and government forces.

Oscar Romero was not a political leader, although his life and work have had political repercussions. In this regard, he is different from leaders like Gandhi, Martin Luther King and Benigno Aquino, who, although religious men, were leaders of political forces. Romero was

simply a pastor, a word that means shepherd and has deep roots in the Christian and Jewish scriptures. The ancient people of Israel called their kings shepherds, but it was God himself who for them was the true and perfect shepherd. For Christians, the supreme shepherd is Jesus, who called himself 'the good shepherd' and said that a true shepherd is so devoted to his flock that he will sacrifice his life to save it. Christians see the leaders of their church as sharing in the role of Jesus Christ as shepherds of the flock. In Romero's mind, his duty as bishop was to care for the people entrusted to him, leading them to God as a shepherd leads his sheep to water and pasture, defending them from harm as a shepherd defends his sheep from wolves, correcting them when necessary as a shepherd retrieves a sheep that wanders from the flock. How seriously he took his responsibility is shown by the words he spoke to a journalist shortly before his death, when he knew his life was threatened: 'As shepherd, I am obliged by divine mandate to give my life for those I love . . . even for those who may be going to kill me'.<sup>1</sup>

A pastor's role is that of a spiritual guide, one who leads others to a deeper union with God. While it implies a certain authority over others, it is essentially a responsibility for others. Although all members of the church have responsibility for one another, the officially delegated pastor is dedicated completely to that responsibility. The bishop of a diocese is ordained to shepherd that diocese, his 'flock'. Romero, moreover, was the shepherd of the archdiocese of San Salvador, and as such he had a certain responsibility for the whole nation, even though the other bishops were the supreme authority in their own dioceses.

Although pastors are not, or at least should not be, political leaders, because the church is not a political organisation, yet the pastoral action of the church and its leaders has effects in the political sphere. Romero argued that the church and the faith always have repercussions on the secular world, whether it be by the church's action or its failure to act. This is because 'Christian faith does not separate us from the world, but immerses us in it. The church is not a fortress apart from the city, but rather the follower of Jesus, who lived, worked, struggled and died in the midst of the city, the "*polis*"'.<sup>2</sup> Christian faith deeply affects humans' actions. Right living, and especially justice and love toward others, is

<sup>1</sup> Telephone interview with José Calderón Salazar, published in *Orientación*, 13 April 1980.

<sup>2</sup> Address at the University of Louvain, 2 February 1980, titled 'La dimensión política de la fe desde la opción por los pobres', published in *La Voz de los Sin Voz: La palabra viva de Mons. Oscar Arnulfo Romero*, San Salvador: UCA Editores, 1980, p. 184. All translations of Romero in this article are my own. An English version of the Louvain address was published in *Commonweal* 109(6), 26 March 1982.

essential to being a Christian. The Christian believes that Jesus came to save us from sin, and sin is human action that is wrong. One of a pastor's duties, therefore, is to lead his flock away from sin.

As shepherd of the archdiocese of San Salvador, Romero decried the sins that he saw as irreconcilable with Christian life or even human decency: murders, especially of the weak and helpless, left unpunished and even perpetrated by the very government forces charged with enforcing justice and lawfulness; torture practised by the same agents of justice; arbitrary arrests, often a prelude to the murder of the arrested, whose fate might never be known to his or her anguished family; the corruption of judges and government officials; the desperate poverty of the majority of Salvadorans, especially the peasantry, and its concomitants of illiteracy, poor health, early death and exclusion from political power and political life.

Although Christianity has always concerned itself with the way people live, the Catholic Church renewed and refocused its concern for the world of human affairs during the Second Vatican Council (Vatican II) (1962-5). The church, the council affirmed, exists to serve the world. Its mission, given by God, is to save the world, beginning here and now, by helping the world to develop in accord with God's plan for it, a plan in which it is destined to become God's reign of universal justice, love and peace. Although the perfection of God's reign will not be achieved until the end of time, Christians have the duty to work towards that perfection. As part of that effort, the church must proclaim people's liberation from poverty and oppression. The church 'has the duty to proclaim the liberation of millions of human beings, many of whom are her own children—the duty of assisting the birth of this liberation, of giving witness to it, of ensuring that it is complete'.<sup>3</sup>

In countries like El Salvador, as in most of Latin America and the Third World in general, the world that the church must serve is a world of the poor. By far the majority of El Salvador's people are poor, many of them desperately poor. After Vatican II, the Catholic Church in Latin America began to realise that it must be at the side of the poor. 'In that world without a human face . . . the church of my archdiocese has endeavoured to become incarnate', said Oscar Romero in 1980.<sup>4</sup>

During his three years as archbishop, Romero spoke to the heart and the conscience of the nation during his Sunday morning homilies in the

<sup>3</sup> Pope Paul VI, 'On Evangelisation in the Modern World', Washington DC, American Catholic Conference, 1979, p 22 (No. 30).

<sup>4</sup> Louvain address, *op. cit.*, p 186.

cathedral (or another church if some protest group was occupying the cathedral, as often happened). The archdiocese's radio station carried his words to most of El Salvador (except when bombs silenced it or government jamming interfered with its transmissions). The homily, in the Christian liturgy, is an explanation of the Bible readings that precede it. Its purpose is to help the listeners apply the meaning of the scripture to their own lives. Romero included in his homilies a reflection on events of the preceding week, including an account of murders, kidnappings, arbitrary arrests and other violations of human rights, many of which went unreported or were distorted in the secular media. 'These homilies mean to be this people's voice . . . the voice of those who have no voice', he said.<sup>5</sup> The families of persons who had been arrested and whose arrest was denied by the police and security forces began to come to the archbishop when other redress failed. The archdiocese sponsored a legal aid office that attempted to obtain judicial redress for such cases—rarely, if ever, with success. In his office in San Salvador, and during his continual visits to rural parishes, he listened over and over to the stories of the poor—stories of beatings, of killings, of torture, of loved ones taken away, of homes burned and crops destroyed. He came to know the love of the poor, who offered him their thanks and their deep loyalty. It was the poor especially who filled his cathedral at Sunday mass and greeted him afterwards, who came out to meet him when he visited their villages and who encouraged him in hundreds of simple letters to go on being their voice and their defender.

Before Romero became archbishop, various rural parishes had begun to encourage the development of small communities of Christian believers. Groups of peasants would meet, perhaps once a week, to read and discuss the Bible together, gradually forming bonds of community and choosing leaders who would attend occasional training sessions of the parish priest or the diocese on the Bible and Christian doctrine. Some members of the communities would thus become catechists (teachers) or delegates of the word (persons chosen by the communities as their leaders). The communities were called *comunidades de base* ('grass-roots' or 'foundation' communities). Such communities are now found in most of Latin America, and in some places, such as Brazil, they are very important in the life of the Catholic Church.

To Salvadoran landowners, however, any tendency of peasants to meet together and form common bonds appeared threatening. Since

<sup>5</sup> Homily of 29 July 1979, San Salvador, *Publicaciones Pastorales Catedral*, 1979, p 8.

1932, at least, when thousands of peasants were slaughtered after a local uprising was put down, they lived in fear of an organised peasantry. At the same time as Christian communities were forming, peasant unions, some of them arising out of the Catholic social thought developed by various popes and Catholic thinkers of the past hundred years, were also growing in some places. Some priests, seeing in the peasant unions a hope for social justice through political pressure, encouraged their development and themselves spoke of social justice and hope for a better world in their preaching. The Christian communities through their Bible study and discussions made peasants more aware of the misery in which they had to live and the hope, founded on the message of Jesus Christ, of achieving a more decent life. Uniting for common action in the peasant unions was a logical next step, which many took. Leaders of the Christian communities tended to become leaders of the peasant unions also. Large landowners saw little or no difference between the small Christian communities and the peasant unions. Often the same peasants were involved in both. The church's part in the awakening of the peasantry was the chief reason for the persecution of the church that began before Romero became archbishop and that has not yet ceased.

When Oscar Romero became archbishop on 22 February 1977, he seemed very unlikely to become the sort of defender of the poor that he did become. Born in 1917 in a small mountain town in eastern El Salvador, he had gone to a seminary at the age of 13, beginning the sort of closed, semimonastic training that marked the formation of Catholic clergy before Vatican II. His intellectual capacity led the bishop of San Miguel, his diocese, to send him to Rome for his theological studies, and he was ordained a priest in Rome in 1942. His six years in Rome left him with an intense devotion to the centre of Catholicism and to the office and person of the pope. Returning to El Salvador in 1943, he threw himself into a life of activity as a priest in the city of San Miguel. While serving as pastor of the principal parish of the city, he also busied himself by writing for the diocesan newspaper and by preaching and speaking on the local radio, an activity unusual for a priest in that time and place. Most Catholic organisations for lay people came to be centred in his parish, and his friends and supporters were numbered in thousands.

In 1967, the Salvadoran bishops made him the secretary-general of the bishops' conference, and he moved to San Salvador. His energy and efficiency impressed the archbishop, Luis Chávez, who asked to have

him as an auxiliary. He was ordained a bishop in 1970, continuing his work for the bishops' conference at the same time as he assisted the archbishop. Among his tasks for a time were the editorship of the archdiocesan newspaper and the rectorship of the seminary, where students for the priesthood were trained. In 1974, Rome appointed him bishop of the small diocese of Santiago de María, near San Miguel, where he remained until he became archbishop.

During all this time, as priest and bishop, he showed great energy, religious piety and devotion to the church, but considerable caution about most of the new ideas that became prominent in the church after Vatican II. As auxiliary bishop of San Salvador, he avoided meetings of the clergy and the priests' senate, where pastoral policies and practices were debated and worked out. He accepted Vatican II, but he was not ready to follow all the consequences that others were deducing from the council and that he found in practice in the archdiocese. The council had spoken of the church as God's people at the service of the world in order to save the world through the building of God's reign on earth, a reign to be achieved in its perfection in eternity. Romero had lived most of his life in a church that emphasised authority descending from the pope through the bishops and priests to the ordinary members, who were to save themselves through leading good lives and so achieve eternal happiness after death. The two visions of the church are not contradictory, but the first leads to a deep involvement in the concerns of human society and the second does not. Romero needed time and experience to change from one mentality to the other. He was able to change because he saw the church and all of human life as subordinate to a transcendent God. 'I simply want to be the builder of a great affirmation', he said, 'the affirmation of God, who loves us and wants to save us.'<sup>6</sup> And again: 'Those who do not understand transcendence cannot understand us. When we speak of injustice here below and denounce it, they think we are playing politics. But it is in the name of God's just reign that we denounce the injustices of the earth'.<sup>7</sup>

Romero's dedication to the church almost forced him to change when he saw the church under attack. When he became archbishop, the government had just summarily expelled several foreign priests from the country. Three weeks after he assumed office, gunmen ambushed and killed a rural pastor and two lay helpers. The priest, Rutilio Grande,

<sup>6</sup> Homily of 25 February 1979, in *Mons. Oscar A Romero: Su Pensamiento*, vol. 6, San Salvador: Publicaciones Pastorales del Arzobispado, 1981, p. 168.

<sup>7</sup> Homily of 2 September 1979, San Salvador: Publicaciones Pastorales Catedral, 1979, p. 26.

SJ, was a man whom Romero and most priests in El Salvador knew and respected. 'It was like a call from God', he later said.<sup>8</sup> He and the archdiocese reacted to the death of Grande by closing all the catholic schools for three days and by cancelling all but one Sunday mass a week after the murder and inviting everyone to come instead to a single mass in the central plaza of San Salvador. In succeeding weeks, the government expelled another priest, gunmen killed a second priest and a young parishioner, and troops invaded the town and parish where Rutilio Grande had been working, killing dozens of persons, deporting the three remaining priests, profaning the church, occupying the parish buildings, and keeping the archbishop himself from going to visit the scene. Meanwhile, the press kept up a campaign against the church's work, calling it subversive. Romero himself later explained what all this did to him:

I have tried to explain what happened in my priestly life as an evolution of the desire that I have always had to be faithful to what God asks of me. If I gave the impression before of being more 'discreet' and 'spiritual,' it was because I sincerely believed that thus I responded to the gospel, for the circumstances of my ministry had not shown themselves so demanding of a pastoral fortitude that I believe in conscience was asked of me in the circumstances under which I became archbishop.<sup>9</sup>

Colonel Arturo Armando Molina was president of El Salvador during those first months. Romero had known him earlier and had protested in a letter when security forces killed five peasants in his diocese of Santiago de María in 1975. Now he reacted much more strongly, both because he saw the church itself under attack and because he was backed by an outraged clergy and laity. After Grande's death, the archdiocese had agreed not to participate in governmental functions until the government had conducted a serious investigation of the murder. No such investigation was made, and none have been made of any of the murders of church personnel—not even Romero's—or of hardly any other murders. On 1 July, Molina's successor, General Carlos Humberto Romero, took office. The archbishop did not attend the inauguration, although traditionally all the bishops attended such events. He persuaded three other bishops to stay away also, but two bishops attended, as did the papal nuncio, the Vatican's representative in El Salvador. It was the first public sign of division within the church hierarchy, a division that would become wider during the next two years.

<sup>8</sup> Interview with author in July 1978.

<sup>9</sup> Memo to Cardinal Sebastiano Baggio, prefect of the Vatican Congregation for the Bishops, 24 June 1978 (*unpublished*).

Tension with the government did not cease. The archbishop himself went to talk with the new president in August 1977 at the president's invitation. The archbishop went over a list of offences against the church and the people—priests expelled, murders uninvestigated, priests threatened and fearful of returning to their parishes, persons who had disappeared while in police custody, others arrested without warrants and held without trial, restrictions on the return of Salvadoran priests who had left the country and continual defamation of the church in the news media. He proposed that military leaders have a series of meetings with church representatives to study the church's social doctrine and see that it was not communist or subversive. He asked the government to begin some concrete measures to better the lives of the poor and move eventually to more fundamental reforms.

His proposals led to a few meetings, but nothing else, and all efforts at dialogue proved fruitless. A follow-up letter that the archbishop sent to the president a month later never received a reply. Meanwhile, government forces had killed two peasant leaders of the Cursillos de Cristiandad, a Catholic spiritual movement, and another man found with one of them. In November, troops raided the parish of Osicala, in the eastern part of the country, outside the archdiocese, and tortured the priest and the sacristan. Three weeks later the government passed the Public Order Law, which made a series of vaguely defined political offences punishable by prison sentences, and allowed arrest and detention of persons for 'any presumption or indication' of involvement in an illegal action. Giving a veneer of legality to many of the government's repressive actions, the law remained in effect until February 1979, despite protests by the archbishop and by lawyers in El Salvador and outside.

In March 1978, troops and members of ORDEN, the government's paramilitary peasant organisation, terrorised an area around the town of San Pedro Perulapán, a few miles east of San Salvador. The archdiocese opened its doors to refugees, housing them in the seminary. The archbishop appointed a commission to investigate the violence and spoke of it in his homilies. At moments like this, his was almost the only voice able to get the truth of events to the public in El Salvador. The archdiocese, like many others, petitioned for an amnesty for the many peasants arrested during the disturbances, in which members of peasant unions had reacted against the repression. On 30 April, he spoke of the petition and went on to endorse the complaint of a group of lawyers that prisoners were brought to trial with evident marks of torture on them



and that judges allowed members of the National Guard, whose members had done the torturing, to be present in the court and intimidate the accused. He complained that the Supreme Court, which had the duty of overseeing the judicial system, did nothing about these and other abuses in the judicial process. 'Judges that sell themselves', he called the judges who favoured the government and the rich by permitting such things.

A few days later, he received a letter from the Supreme Court inviting him to 'give the names of the "venal judges" ' to whom he had referred. On 14 May, he replied in his homily to the letter, and by then the whole country was listening, since the court had published the letter in the newspapers. The aim was to trap him by bringing him before the same corrupt system he had attacked. He replied that he had not used the phrase ('venal judges') attributed to him, but that, as pastor, he had pointed out to the court its duty to correct the miscarriages of justice and abuses of human rights that riddled the judicial system. Judges accepted confessions obtained by torture and allowed intimidation of defendants. Habeas corpus relief on behalf of persons arrested without warrants was impossible. Judges admitted they could do nothing in such cases. Mothers and families of arrested persons pleaded in vain for months for news of their dear ones, meeting only the cold denial that the security forces held them or knew of them. Salvadoran exiles were kept from returning to their homeland. The right to organise and the right to strike were widely violated. All these were rights of the human person guaranteed by the Salvadoran constitution and by the Universal Declaration of Human Rights. And yet the Supreme Court did nothing to protect them. His accusation against it was not meant to defame but to correct. 'I believe it my duty to make it as pastor of a people suffering injustice. It is a duty placed on me by the gospel, for which I am ready to face trial and prison, even though they would only add another injustice'. <sup>10</sup> His reply ended the incident, and the court said no more about it.

Late in 1978, another of his priests died, this one in what the government portrayed as a shoot-out with a revolutionary group. An investigatory commission appointed by the archbishop concluded that the priest and other victims had really been killed before a shoot-out was staged. Evidence that the priest, Ernesto Barrera, had sympathised and perhaps collaborated with the group, however, pained Romero and

<sup>10</sup> *La Voz de los Sin Voz*, op. cit., p 409.

brought forth a public warning to all his priests that they were not to take part in political organisations of any kind without talking with him and securing his approval. He said that the church must be independent of all political groups, and the priest represents the church. Moreover, the church could not condone the terrorist violence practised by certain groups.

In January 1979, yet another priest died, together with four youths, at a retreat house where they had gone for a weekend of prayer and spiritual instruction, which security forces broke up with gunfire on the supposition that it was a subversive meeting. The archbishop told a crowd of thousands gathered for the funeral in the central plaza that President Humberto Romero's claim that there was no persecution of the church in El Salvador was a lie.

Immediately after, Romero went to Mexico for three weeks to participate in the Latin American bishops' assembly in the city of Puebla. In 1968, the bishops had met at Medellín in Colombia to discuss how to apply to Latin America the direction given to the church by Vatican II. They had called for social justice for the poor and liberation for the oppressed. Now they reinforced what they had done at Medellín, calling on the church to make a 'preferential option for the poor' in its ministry and to give the people greater 'communion and participation' in the church and in civil society. They approved highly of the grass-roots church communities *comunidades de base* that flourished in many places, as in Romero's diocese. On his return, Romero told the people what the bishops at Puebla had said and added an appeal to the country's elite of political leaders, investors, specialists and professionals:

You have the key to the solution of the nation's problems. But the church gives you what you cannot have by yourselves: the hope, the optimism to struggle, the joy of knowing that there is a solution, that God is our Father and keeps on impelling us.<sup>11</sup>

In May 1979, the government repeatedly broke up protest demonstrations with gunfire. The month ended with 115 dead, 55 arrested, of whom 30 'were disappeared'—taken away and not seen again. June 1979 was much the same: 123 killed, 47 arrested, 18 of them 'disappeared'. Many more were wounded, and many vehicles and buildings were destroyed or damaged. Extremist groups responded with retaliatory killings. The archbishop pleaded for peace. Another priest died, gunned down by unknown persons. Romero praised him as a good and fervent priest who had dedicated himself to developing and guiding

<sup>11</sup> Homily of 18 February 1979, *op. cit.*, p. 159.

small communities of Christians. 'We can present along with the blood of teachers, of labourers, of peasants, the blood of our priests. This is communion in love. It would be sad if in a land where murder is being committed so horribly we were not to find priests also among the victims. They are the testimony of a church incarnated in the problems of their people.'<sup>12</sup>

Violence continued. In August 1979 a priest in another diocese was killed by police officers. The archbishop had his car stopped, as he was on his way to visit a small-town parish, and soldiers searched him and the car. In September, military officers confided to him their intention to overthrow the Humberto Romero government and replace it with a reformist government of military officers and reform-minded civilians. The coup took place on 15 October, and Archbishop Romero called on the people to be calm and on the new government to fulfil its promises.

But the new government proved unable to control the security forces, and by the end of 1979, the well-intentioned civilians found they could not govern. The archbishop attended a meeting of all the high government civilian officials on 2 January 1980. He told them that each one should follow his own conscience, and all decided to resign, turning over the reins to the military officers who had staged the coup and who would now try to rule with the Christian Democratic Party.

As the forces of opposition began to ally themselves with one another early in 1980, some members of the former reform government joined them, and others left the country in fear. Sides were forming for the civil war that would follow Romero's death. He himself continued to speak with all who would talk with him, seeking the way to peace and greater justice for all. The homilies of his last months are some of his most eloquent and impassioned, as he called for an end to bloodshed and for freedom for the opposition to seek a new form of government. 'This people's cry for liberation is a shout that rises up to God and that nothing and no one can now stop',<sup>13</sup> he said, recognising that the moment had come when the organised sector of the people—peasants, labourers, students, the poor—would in large part no longer wait for justice or tolerate the massacres that efforts for peaceful change provoked. Yet, he still called for peace and dialogue, seeking to avoid the civil war that he foresaw.

In his last Sunday homily, on 23 March 1980, he called on the government and armed forces to stop the repression of the popular

<sup>12</sup> Homily of 30 June 1979, San Salvador: Publicaciones Pastorales Catedral, 1979, p 38.

<sup>13</sup> Homily of 27 January 1980, San Salvador: Publicaciones Pastorales Catedral, 1980, p 20.

organisation and on the common soldiers to stop killing their peasant brothers and sisters. As though in reply to his words, he was himself shot down the next day as he preached in the chapel of the small hospital where he lived. 'We know that every effort to better society, especially when injustice and sin are so ingrained', he said in that last homily, 'is an effort that God blesses, that God wants, that God demands of us'.<sup>14</sup>

<sup>14</sup> *La Voz de los Sin Voz*, op. cit., p 294.

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# North-South Monitor

## THE UN SYSTEM

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### ▲UNCTAD—Committee on Economic Cooperation Among Developing Countries (ECDC)

Geneva, 17–23 September and 3–4 October 1983

■ This extended third session of the Committee on ECDC (the first since 1978), ended with the ninety participants adopting a work programme for UNCTAD calling for further measures in support of ECDC.<sup>1</sup> In the areas of trade expansion and promotion, the following areas were singled out for attention: trade in food products; a Global System of Trade Preferences Among Developing Countries (GSTP); a trade information system (TIS); cooperation among state trading organisations (STOs); the establishment of multinational marketing enterprises (MMEs) among developing countries; the promotion (in cooperation with UNIDO) of multinational production enterprises (MPEs); and, the strengthening of regional, subregional and interregional cooperation among developing countries. With monetary and financial integration integral to trade, the Committee called for further measures relating to the establishment of multiregional export credit facilities; the establishment and strengthening of regional multilateral payments arrangements among developing countries; the creation of a 'Bank of Developing Countries'; and, the promotion and facilitation of capital flows among developing countries. Underlining the importance of UNCTAD support, Gamani Corea, the Secretary-General of UNCTAD, stressed how intra-developing country trade had accelerated during the 1970s, growing at a faster rate than world trade in general and developing countries' trade taken as a whole. Although intra-trade had accounted for one third of developing countries' total trade at the start of the 1980s, the recession had caused a decline in 1981 and 1982. A renewed impetus for such trade would serve not only to support developing countries' own growth, but would also inject an element of dynamism into the world economy to the benefit of other countries.<sup>2</sup>

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### ▲UNCTAD—UN Conference on an International Code of Conduct on the Transfer of Technology

Fifth Session

Geneva, 17 October–5 November 1983

■ The failure to make progress in key areas of the Code of Conduct on TOT led this meeting of ninety-six nations to request a further session not later than mid-1985. Major problems remain to be solved on Chapter 4 (restrictive practices) and Chapter 9 (applicable law and settlement of disputes). Broad agreement had been reached at previous sessions on Chapter 1 (definition and scope of application), Chapter 2 (objectives and principles), Chapter 3 (national regulation of TOT transactions), Chapter 6 (special treatment for developing countries), and Chapter 7 (international collaboration). The virtual agreement reached at this session on Chapter 5 (responsibilities and obligations of parties), was hailed by Surendra Patel, the Director of UNCTAD's Technology Division, as a major step forward.<sup>3</sup>

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▲Food and Agriculture Organisation (FAO)  
High-Level Policy Meeting on Selected African Countries  
Rome, 19 October 1983

■ This special meeting was convened by Edouard Saouma, Director-General of the FAO, in light of the **severe food shortages in Africa facing twenty-two sub-Saharan countries**,<sup>4</sup> which are threatened by famine worse than the Sahelian food crisis of 1973-5. Representatives from these and thirty-five donor countries were told of the need for emergency food aid of 700,000 tonnes, \$76 mn for essential production inputs, measures to control animal diseases, to distribute food, and for emergency agricultural rehabilitation. These could help to alleviate the main problems of prolonged drought (two to three successive years), heavy crop infestation, outbreaks of rinderpest (an infectious disease affecting cattle), declining production inputs, bush fires, war, and transport and communications problems. The twenty-two countries face a 1983-4 harvest of under 14 mn tonnes of cereal grains (almost a quarter of that of two years ago), while world recession and weak foreign markets have reduced the capacity of many to finance food imports. Donors' pledges had until now reached only 19 per cent of total food aid needs of 3.2 mn tonnes (with deliveries generally falling short of pledges), and commercial imports are stagnant at around 1.8 mn tonnes a year.<sup>5</sup>

● We foresee that suddenly we may be confronted with the situation that a significant proportion of the population of over 150 mn of these twenty-two countries face the most serious economic distress and shortage of food, which may reach proportions of hunger and malnourishment on a massive scale . . . ' Edouard Saouma, Director-General of the FAO. *FAO News Release* Press 83/77, 19 October 1983.

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▲FAO  
Twenty-Second Biennial Session  
Rome, 5-23 November 1983

■ Ministers and officials from more than 100 countries of the FAO's 156 member-states approved the **FAO's Programme of Work and Budget for 1984-5**, and adopted **resolutions on world food security, rural development, plant genetic resources, and critical food shortages in Africa**. Whereas several Western countries had voted against a real budget increase of 8 per cent at the previous FAO conference, the new budget of \$421 mn was this time approved unanimously. Although there was an increase of 3.6 per cent for technical and economic programmes, the budget was criticised for its austerity, with overall growth only 0.5 per cent, due to the reduction of administrative costs to a minimum. The FAO endorsed the revised concept of world food security of its Director-General, Edouard Saouma, an approach which seeks to ensure the permanent physical and economic access of all people to their basic food requirements. FAO statistics revealed a 1 per cent decline in world food and agricultural production in 1983 (after an increase of three per cent in the previous two years), as well as a considerable slowdown in production in the Third World compared with the period 1978-82. Freer trade was deemed fundamental to food security, especially for the exports of

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developing countries. As for the twenty-two African countries facing drastic shortages, the meeting's call for immediate additional food and agricultural aid was bolstered by undertakings from twenty donor members and the EEC to intensify aid to these countries.

On rural development, although the meeting supported the continuation of FAO programmes based on the 1970 World Conference on Agrarian Reform and Rural Development (WCARRD), a new FAO study pointed to a worsening imbalance between food and population. Despite some improvements in per capita calorie consumption, infant mortality rates, and rural illiteracy, increased population had left almost 700 mn people in rural areas of developing countries in absolute poverty. WCARRD strategies, such as growth with equity for the poor and increased popular participation in decisionmaking, had seen erratic and limited progress.

Edouard Saouma hailed as the highlight of the meeting the adoption of his proposed International Undertaking on Plant Genetic Resources—a controversial idea stemming from Third World accusations that the North exploits its seed resources. (The US has also been accused of preventing access to improved grain varieties as a political weapon against governments it opposes, such as in Afghanistan and Nicaragua.) Open to all countries, the Undertaking aims at enhancing the exploration and availability of plant genetic resources of economic and social interest, the exchange of genetic material, and the development of international cooperation in this area.<sup>6</sup>

● 'What is the logic in a suicidal form of behaviour which involves twenty times the total for official development aid, or 800 bn dollars, being thrown out of the window on military expenditure every year?' Edouard Saouma. *FAO News Release* 83/94-C/7, 7 November 1983.

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▲ United Nations Educational, Scientific and Cultural Organisation (UNESCO)  
General Conference  
Paris, 25 October–26 November 1983

■ The events of this meeting were overshadowed by the decision of the US on 28 December 1983 to leave UNESCO, following a series of threats to do so during the twenty-second General Conference. The withdrawal came in spite of compromises reached by UNESCO within the areas of allegations and criticisms on which the US decision was based, namely: the extraneous politicisation by UNESCO of the subjects it deals with; hostility towards the basic institutions of a free society, in particular a free market and free press; and, unrestrained budgetary expansion.

As usual, the question of UNESCO's proposed 'new world information and communication order' proved to be contentious. The proposal originated in Third World complaints of Western cultural imperialism, with the large Western companies dominating international news, films, television, and other communications, and emphasising political upheaval and natural disasters, as opposed to social progress, in the developing world. Western governments and news agencies contend that the socialist countries, and several developing ones, are using it as a vehicle to restrict press freedom and to impose greater state control over news and other media. Important concessions by the Soviet Union and the US led to a compromise allowing the adoption of a \$16.1 mn communications programme for 1984–5 calling on Amadou Mahtar M'Bow, the UNESCO Director-General, to continue studying the basis on which a 'new world information and communications order' might be



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established. The Soviet Union withdrew a draft urging UNESCO to draw up a blacklist of media organisations whose reporting had violated the 1978 UNESCO guidelines, regarded by Western governments as hostile to the Western concept of press freedom. The US withdrew resolutions dealing with the jamming of radio broadcasts and with the linkage between the free flow of information and fundamental human freedoms.

On the other main dispute, the size of UNESCO's budget increase, a compromise was reached between the majority demand for six per cent, and a Western-sponsored resolution for zero growth. Only the US voted against the Nordic resolution eventually adopted, whose proposed three to four per cent growth resulted in a budget for 1984-5 of \$374.41 mn. Other resolutions stressed the importance to the NIEO of international respect for the cultural values of peoples, and condemned Israel's efforts to 'obliterate the cultural identity of the Palestinian people'.

With the US withdrawal widely condemned, most nations asked it to reconsider its decision, which comes into effect on 31 December 1984. Since the US provides about 25 per cent of the UNESCO budget, additional contributions will be required from member states and from voluntary sources. The UK, another major critic of UNESCO, said it would continue to seek reform from within rather than by attempting to influence UNESCO from the outside.<sup>7</sup>

●Parts of the UNESCO programme calling for a new world information and communications order 'contain the implication that universal standards governing the content of news and information be established by this body. This is an idea we strongly oppose'. Gregory J Newell, Assistant US Secretary of State for International Organisations. *IHT* 10 November 1983, p 2.

'We will continue to further the international cooperation in education, science, culture and communication that UNESCO was originally created to promote. With regret, we have been forced to conclude that we are not now able to effect the major change in UNESCO that would permit us to continue to participate as a member'. US State Department announcement on the US decision to withdraw from UNESCO. *Official Text* US Information Service, US Embassy, 30 December 1983.

'America itself has always said no nation should be excluded from the UN or any of its agencies in keeping with the principle of universality. By pulling out, they will be undermining this principle in reverse'. Jean Ping of Gabon, Chairman of the fifty African nations at UNESCO calling on the US to remain a member of the organisation. *IHT* 1 January 1984, p 2.

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▲Preparatory Committee for the UN Conference on Conditions for Registration of Ships  
Geneva, 7-18 November 1983

■Following the groundwork carried out in 1982,<sup>8</sup> the Committee decided to go ahead in 1984 with the plenipotentiary conference to conclude **an international agreement on conditions for registration of ships**. In order to accommodate continuing differences between developed and developing countries, as well as open registry countries such as the Bahamas, Liberia and Panama, three draft texts are to serve as the basis for the agreement, indicating the points of agreement and difference, and possible compromises.<sup>9</sup>

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## ▲United Nations Industrial Development Organisation (UNIDO)

### Regional Investment Meeting for Southern Africa

Lusaka, 17-21 October 1983

■UNIDO organised this **first investment promotion meeting for Southern Africa** to enable native project promoters and industrialists to discuss potential areas of collaboration with financiers and bankers from the US, Western Europe and Asia. Such areas include joint ventures, industrial financing, acquisition of know-how and technology, access to foreign markets, industrial redeployment and training—and were embodied in 150 projects requiring some \$1 bn of foreign investment. Intensive negotiations between the nine Southern African participants—Angola, Botswana, Lesotho, Malawi, Mauritius, Swaziland, Tanzania, Zambia, and Zimbabwe—and 200 overseas investors from North and South ended with letters of intent for industrial projects worth more than \$30 mn. These covered such sectors as textiles, clothing, agroindustries, pharmaceuticals, chemicals, and household electronics. Most are small or medium-sized enterprises.<sup>10</sup>

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## ▲UNCTAD—Intergovernmental Group of Experts on Restrictive Business Practices

Geneva, 21-30 November 1983

■The main task of this group is to help governments implement the **Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices**, adopted by the UN General Assembly in 1980. This is the first major international effort to control the restrictive business practices, such as those of transnational corporations, whose adverse effects on world trade are harming the development prospects of the Third World. Developing countries, worried about the restriction of their exports to the North by measures such as voluntary export restraints, hope that the Set will help eliminate the so-called 'grey area' measures which fall neither within the scope of GATT rules and principles, nor within the appropriate domestic legislation. The group expressed concern about the 'resort to restrictive business practices in international trade' in order to underline the importance of its implementation.<sup>11</sup>

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## ▲UN Pledging Conference for Development Activities

New York, 8-9 November 1983

■In pledges to more than twenty-five programmes and funds from 119 governments, UNDP emerged as the largest beneficiary, with pledges totalling \$436 mn from ninety-eight governments. Other major recipients were UNICEF, with \$116 mn, UNFPA (\$69.3 mn), UNIDO (\$13.24 mn), UNHCR (\$3.1 mn), and UNEP (\$3.01 mn). The fourth consecutive fall in pledges to UNDP below the 1980 level was quoted as an indication of continuing stagnation in funding levels.<sup>12</sup>

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## GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT)

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## ▲Thirty-Ninth Session of the Contracting Parties

Geneva, 21-23 November 1983

■GATT held its **annual review of world trade developments**, including progress on

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the decisions taken at the previous year's ministerial meeting.<sup>13</sup> Despite new procedures for overseeing that meeting's commitments on protectionism, many developed countries pointed to the economic problems inducing the continued adoption of protective measures (especially anti-dumping and countervailing duties). Third World countries expressed reservations on Japanese and US proposals for a new round of multilateral trade negotiations, since they attach greater importance to the proper implementation of the GATT work programme, and to a more thorough accommodation of their own problems, such as the balance-of-payments difficulties linked to protectionism. Although preparatory work on the understanding on safeguard rules called for at GATT's 1982 meeting has fallen behind schedule, negotiations proper are set to take place during 1984.<sup>14</sup>

● 'The most difficult issues confronting the GATT are undoubtedly the ones which have remained unresolved the longest . . . it is sectors such as agriculture and textiles, and issues such as safeguards where the conflict between international obligations and domestic sectoral interest group pressure is the strongest'. Ambassador B L Das of India, the Chairman of the Thirty-Ninth Session of the Contracting Parties. *GATT Press Release GATT/1348*, 21 November 1983.

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### THE COMMONWEALTH

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▲ Commonwealth Heads of Government Meeting (CHOGM)  
New Delhi, 23-29 November 1983

■ Forty-two Commonwealth countries, thirty-three represented by their Heads of Government, met for the **biennial review of political and economic issues affecting the forty-nine member Commonwealth**.<sup>15</sup> The communiqué which emerged from protracted and awkward discussions was a compromise on most major issues between the Western members, and the developing, or nonaligned ones. Its bland and noncommittal nature was widely attributed to the blocking tactics of Margaret Thatcher, the British Prime Minister. **The debate on Grenada** was predictably heated, with the African countries, India, and two Caribbean countries (Guyana and Trinidad), pitted against the UK and the majority of Caribbean countries, in advocating a strong condemnation of the recent US-led invasion of Grenada.<sup>16</sup> While the UK (which had opposed the invasion) felt bound by its close links with the US, and the Caribbean countries stressed the security problems arising from Cuba's proximity, Indira Gandhi, the Indian Prime Minister, defended the principles of nonalignment, while African leaders considered the invasion a likely precedent for similar actions by South Africa against its neighbours. Dismissing the suggestion of Shridath Ramphal (the Commonwealth Secretary-General) for a Commonwealth security force for Grenada, the leaders pledged 'sympathetic consideration' to requests for assistance from Grenada's interim government, and reaffirmed their commitment to the principles of independence, sovereignty, and territorial integrity.

Two other issues of international confrontation, in **Southern Africa and the Middle East**, also proved contentious. Many Africans had hoped that this conference might do for Namibia what the 1979 Commonwealth Summit in Lusaka had achieved for Zimbabwe's independence. Although the communiqué used strong language to

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condemn both **apartheid**, and the linking of **Namibian independence** to the removal of Cuban troops from Angola, it failed to take up the call for new practical measures, such as the imposition of sanctions against South Africa, or British and Canadian lobbying for more effective action by the five-member Western Contact Group on Namibia<sup>17</sup> (whose work Mrs Thatcher defended). On the Middle East, since neither Australia nor the UK would adhere to calls for the withdrawal of foreign forces from Lebanon, or recognition of the PLO as the sole and legitimate representative of the Palestinian people, the communiqué could only record the support of 'most Heads of Government'. Bob Hawke, the Australian Prime Minister, questioned the Commonwealth's acceptance of Cuban troops in Angola, while calling for the withdrawal of the French, Italian and US forces invited to Lebanon. **Cyprus** was a less contentious matter, with the leaders condemning the declaration by the Turkish Cypriot authorities on 15 November 1983 of an independent state in Northern Cyprus. Declaring this unilateral action invalid, they pledged renewed support for the independence, sovereignty, territorial integrity, unity, and nonalignment of Cyprus.

In the debate on the world economic crisis, the central dispute arose between those advocating the **reform of the international monetary system**, and their main opponents, Australia and the UK. Unable to join in majority support for a new programme of economic, monetary and financial measures, including a new conference to reform the Bretton Woods institutions,<sup>18</sup> these countries compromised by agreeing to the establishment of an eight-nation Commonwealth Consultative Group,<sup>19</sup> to examine the defects of the system and reach a common position on possible reform.

One of the main reported successes came during the weekend retreat in Goa (25-27 November 1983), where the meeting took up the call of Pierre Trudeau, the Canadian Prime Minister, for the injection of renewed political will into East-West relations, and the halting of the nuclear arms race. In the 'Goa Declaration on International Security', the Commonwealth appealed to the Soviet Union and the US to raise their dialogue from a technical to a visionary level, aimed at real international understanding and the genuine achievement of world peace. Commonwealth governments would be willing to make a practical contribution to the realisation of such efforts.<sup>20</sup>

● 'At this time of crisis, we believe it to be imperative that the Soviet Union and the United States should summon up the political vision of a world in which their nations can live in peace. Their first objective must be to work for the resumption of a genuine political dialogue between themselves leading to a relaxation of tensions'. *The Goa Declaration on International Security*.

'I do not believe that the creation of new international institutions will solve our difficulties. . . . After all, we already have many which we did not have at the time of Bretton Woods'. Margaret Thatcher, the British Prime Minister. *Financial Times* (London) 24 November 1983, p 4.

' . . . the Contact Group has made more progress than any other organisation . . . and though the Commonwealth may not like the linkage of independence for Namibia with the withdrawal of Cuban troops from Angola, that linkage is there and it won't go away just by our making statements about it'. Margaret Thatcher. *The Times* (London) 30 November 1983, p 4.

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'We had no alternative. . . . We went on a rescue mission to help the people of Grenada and they were overjoyed at what happened'. Eugenia Charles, the Prime Minister of Dominica. *The Times* (London) 25 November 1983, p 1.

'You will be throwing us to the lions if you do not deplore the invasion of Grenada' Kenneth Kaunda, the Zambian President. *Financial Times* (London) 25 November 1983, p 3, and *The Times* (London) 25 November 1983, p 1.

The Commonwealth Summit 'is a tedious, tiresome, exhausting process . . . it is extremely time-consuming, and it could have been more productive. We could have reached all our conclusions in half the time'. Lee Kuan Yew, the Prime Minister of Singapore. *Daily Telegraph* (London) 29 November 1983, p 5

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### ORGANISATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD)

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#### ▲Development Assistance Committee (DAC)

Twenty-Second Annual High-Level Meeting

Paris, 28-29 November 1983

■ In their customary annual appraisal of ways to improve development assistance and cooperation, the DAC's eighteen members concentrated on the scope for improved coordination at the national level. They ended in broad agreement on a DAC Secretariat report, which stresses the particular importance of sectoral and national policies in complementing the other main determinants of successful development projects, such as selection, design, and implementation. Aimed at self-sustaining economic and social development, the report argues that aid coordination must extend beyond the responsibility of recipient country governments, to the wider arena of cooperation with and between national donors and international aid agencies. The dialogue on developing countries' policies, objectives and options for use of aid should be accompanied by full evaluation of aid activities, open exchange of information, and understanding of the national constraints on policy adjustments.

On the other main topic discussed, the DAC adopted a text of Guiding Principles to Aid Agencies for Supporting the Role of Women in Development. Reflecting the growing view that the development process has neglected women as decisionmakers, producers, and income-earners, the principles are designed to promote their fuller participation for the benefit of all. The three principal areas of concern will be income generation, access to and control over productive resources, and the development of human resources.<sup>21</sup>

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### WORLD BANK

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#### ▲International Development Association (IDA) Meeting

Washington D C, 12-14 January 1984

■ Intense and difficult negotiations ended with thirty-four donor countries agreeing to put up \$9 bn in funds for the seventh replenishment of the IDA (IDA VII).

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for three years from 1 July 1984. This shortfall on recommended levels of \$16 bn by the World Bank and \$12 bn by most donors, was mainly the result of the US decision to continue its cutback in contributions, which will now total \$750 mn a year (as opposed to \$950 mn in 1983-4); this overall budget of \$3 bn a year compares with an annual IDA average of \$3.5 bn over the past four years. The impact of these curbs will be strongly felt, because China has recently joined the World Bank, and is certain to be a major claimant. Calling this new funding 'gravely inadequate', A W Clausen, the President of the World Bank, pointed out that agricultural aid programmes to sub-Saharan Africa would have to be reduced, while India and China would be forced to borrow at commercial rates to complete industrialisation projects. The US had cut its IDA contribution to 25 per cent of the total, despite the fact that its economy accounted for one-third of the combined gross national product of all donors. According to Clausen, IDA donors had given World Bank officials a mandate to try and arrange several billion dollars in supplementary funding for IDA VII during the coming months.<sup>22</sup>

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### CLUB DU SAHEL

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#### ▲Fifth High Level Conference

Brussels, 26-28 October 1983

■Launched in Dakar in March 1976, the Club du Sahel is an informal association grouping a number of aid donors with the 'Permanent Inter-State Committee on Drought Control in the Sahel' (CILSS), whose members are Chad, The Gambia, Mali, Mauritania, Niger, Senegal, Upper Volta, and Cape Verde. It seeks to reinforce the work of CILSS, through the mobilisation of aid for the development of the Sahel, and the joint deployment of specific projects. Many of this meeting's participants echoed widely-held views about the past mistakes of both donors and receivers in the fight against the Sahelian drought. Insufficient autonomy for Sahelian farmers, and overconcentration on isolated development projects with little attention for their maintenance or environmental integration, were among the main criticisms. The region's main problems remain as acute as in 1976, with food production unable to keep pace with the Sahel's population increase, while soaring food and oil imports have added new financial burdens. The eight countries received an average of \$1.6 bn a year in 1980-82, a twenty-five per cent increase on the previous three years; as a result, the Sahel states receive about \$40 per head in international aid every year, compared with \$20 for the rest of Africa, and \$12 for other developing countries. The problem lies in its allocation and coordination, with only 3 to 4 per cent spent on developing rain-fed agriculture, and only 21.4 per cent on the development of irrigated farming, livestock, fisheries and reforestation. While much has been spent on food aid, budgetary support and technical assistance, action in such key areas as the modernisation of animal husbandry, and the prevention of deforestation and desertification, has been wanting.<sup>23</sup>

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## ORGANISATION OF AMERICAN STATES (OAS)

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### ▲General Assembly

Washington D C, 14–18 November 1983

■Discussions at the thirteenth OAS General Assembly centred on the hemisphere's principal areas of tension, in **Central America, the Falkland Islands/Islas Malvinas, and Grenada**. A unanimous resolution urged the Central American states to negotiate peace agreements based on principles and objectives agreed by these states and the Contadora Group in July and September 1983.<sup>24</sup> The resolution's reaffirmation of the principles of nonintervention and self-determination was regarded by some as an indirect criticism of the US-led invasion of Grenada.<sup>25</sup> The OAS was split on this action, which brought general condemnation of the **US breach of the principle of nonintervention**, but was defended by those English-speaking Caribbean countries, led by Jamaica, which had participated in the invasion. The Falklands/Malvinas issue was less sharply divisive, although eight Commonwealth Caribbean countries abstained in a resolution supported by twenty-one countries (including the US), expressing concern about the lack of progress in resuming negotiations between Argentina and the UK. The Caribbean countries said they were not opposed to negotiations on sovereignty, but deplored the resolution's failure to mention self-determination. In a surprise move, Alejandro Orfila announced his resignation from the post of OAS Secretary-General, which he had held since 1975. In his annual report to the OAS, Orfila commented that the past year had further brought into question the ability of multilateral institutions such as the OAS to respond to the crises of stagnating economic growth, foreign debt, and the threats to democracy by subversion.<sup>26</sup>

●'Our treaty instruments have been profoundly weakened and their viability must be restored, for if they become meaningless through neglect, misuse, being bypassed or ignored, the results could be a hemisphere fragmented, at war with itself, with all its adverse consequences for human rights protection and integral development' Alejandro Orfila, in his report to the OAS. *OAS Press E-116/83*, 7 November 1983.

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## COUNCIL FOR MUTUAL ECONOMIC ASSISTANCE (COMECON)

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### ▲Heads of Government Meeting

Berlin, 18–20 October 1983

■In addition to the usual focus on economic affairs, this thirty-seventh session of COMECON issued a statement on the **potentially dangerous escalation of the arms race in Europe**. Premiers of the ten members<sup>27</sup> warned of the dangerous consequences which could arise from the deployment of Cruise and Pershing II missiles in Western Europe, and called on the North Atlantic Treaty Organisation (NATO) to negotiate an agreement based on the principles of equality and equal security. The same theme was echoed in COMECON's annual report, which accused the US and NATO of trying to 'destroy the strategic balance in the world' and of seeking

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'military supremacy'. The report linked NATO's deployment of medium-range nuclear weapons in Europe with the economic sanctions imposed in protest against martial law in Poland. Condemning both actions, it accused the US of leading a crusade against the Communist bloc (with the US-led trade, credit, and economic blockade against Communist countries both discriminatory and in violation of contracts).

Although differences remained on trade, both as within COMECON and between East and West, preparations were said to have advanced for the holding of a long-delayed summit of COMECON Community Party leaders. First mooted in early 1981 by President Brezhnev, the summit has been postponed several times because of differences over trade policies, reflecting the diverging interests of the Soviet Union (with its abundant energy and raw materials) and the smaller Eastern European COMECON countries (which are less well endowed). Differences between the Soviet Union and Romania have been a major stumbling-block, due to disagreement over the terms of expected Romanian investments in the Soviet extractive industries and the supplies of oil, gas and raw materials which Romania would receive.<sup>28</sup>

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### NORTH ATLANTIC TREATY ORGANISATION (NATO)

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#### ▲ Nuclear Planning Group

Ottawa, 27-28 October 1983

■ NATO Defence Ministers reaffirmed the alliance's decision to deploy US Cruise and Pershing II nuclear missiles in Europe from the end of 1983, but appealed to the Soviet Union to continue negotiating at the Intermediate-Range Nuclear Force (INF) talks at Geneva. They rejected new proposals by the Soviet President, Yuri Andropov, on the grounds that these would maintain a Soviet monopoly of medium-range missiles in Europe. On 27 October 1983, President Andropov offered to reduce the number of triple-warhead SS-20 missiles targeted on Western Europe from 162 to 140, if NATO did not deploy its new missiles. This was a departure from earlier Soviet insistence on deployment of exactly the same number of missiles as those in the British and French nuclear forces—one of the major obstacles to progress over two years at the INF talks. He also developed an earlier proposal to destroy any SS-20s negotiated away at Geneva rather than deploy them in Asia. The offer was extended to a freeze on further SS-20 deployments in Asia from the moment a nuclear arms limitation agreement in Europe was reached.<sup>29</sup>

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### COMMODITIES

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#### ▲ UN Conference on Tropical Timber

Geneva, 7-18 November 1983

■ Following an inconclusive session in March 1983, the eighty-eight members of the UN Conference on Tropical Timber adopted the forty-three article **International**



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**Tropical Timber Agreement 1983.** Unlike most commodity pacts, the Agreement does not include provisions for the regulation of market supplies and prices. Instead, it aims to expand and diversify the tropical timber trade, and improve the structure of the market. The main objectives are: research and development in forest management and wood utilisation; improved market intelligence; increased processing of tropical timber in producing members; increased reforestation and forest management; improved marketing and distribution of exports; and, the development of long-term planning and conservation policies. Projects in these areas are to be financed from the second account of the Common Fund for Commodities (if and when operational), and by international financial institutions and voluntary contributions. With only 4 per cent of the world's tropical forests said to be managed properly, these projects are intended to correct the existing minimum of planning development of timber resources. According to the FAO, some 4 mn hectares of open forest disappear each year, as a result of the farming requirements of growing populations, the attraction to developing countries of producing cash crops for foreign exchange, and the spread of industrial and urbanisation programmes. Tropical timber is an important commodity, with the 1979 trade peak of \$8 bn making it the third largest traded commodity after oil and coffee. Although the trade value is thought to have declined to to \$7 bn in 1980 (and further since), the structure has not changed: in 1980, Malaysia held 39.6 per cent of the world export market, followed by Indonesia, with 34.2 per cent, and the Ivory Coast, with 6.4 per cent; Japan accounted for 45.7 per cent of imports in 1981, followed by the EEC, with 30 per cent, and the US, with 9.8 per cent. The Asian exporters lost a prolonged fight to procure the widest possible definition for tropical timber: they felt that the inclusion of chips, fibreboard and other processed products, would have reflected their heavy reliance on processing and value added. Latin America holds 60 per cent of world resources, but accounts for only 5 per cent of world trade, while Africa has as much tropical timber as Asia. Since consumer countries refused to compromise on the definition (which covers logs, sawnwood, veneer, and plywood), the Asian countries will probably pursue a wider definition in the International Tropical Timber Council, which will be the highest authority of the International Tropical Timber Organisation (whose location has still not been decided). Votes in the Council will be shared equally by producers and consumers, with votes distributed to individual countries according to their interest in tropical timber. The Agreement was opened for signature at UN headquarters on 2 January 1984, and can enter into force from 1 October 1984, when twelve producing countries holding at least 55 per cent of the total votes, and sixteen consumers holding at least 70 per cent of votes have signed, ratified, approved, or acceded to it. It is still hoped that the absence of market intervention clauses might persuade the US to join.<sup>31</sup>

● Tropical timber is 'a unique commodity that requires a special treatment from the perspective of global resource management because the sustainable development of tropical timber resources would have a far-reaching beneficial effect on other key sectors such as agriculture, food and water supply, energy and the preservation of ecosystems for future decades'. Tatsuro Kunugi of Japan, the Chairman of the UN Conference on Tropical Timber. *UNCTAD Press Release TAD/INF/1517*, 8 November 1983.

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### ▲International Bauxite Association (IBA)

Council of Ministers, Tenth Session

Kingston, Jamaica, 7-9 November 1983

■The IBA is a ten-member group, which exchanges technical information, recommends a base price for bauxite, and works for the coordination of policies. In 1982, it accounted for 54 mn tonnes of the world's 76 mn tonnes of ore, and about 40 per cent of world alumina production. Its members are Australia, Guinea and Jamaica, which are the world's three leading producers, together with the Dominican Republic, Ghana, Guyana, Indonesia, Sierra Leone, Surinam and Yugoslavia. As a result of the continued weak demand for bauxite and alumina (world aluminium production fell by 12.4 per cent in 1982 from 15.5 mn tonnes in 1981, while consumption fell 3.5 per cent to 14 mn tonnes), the IBA decided to maintain existing recommended prices for 1984. Accordingly, bauxite sold to North and South America should be within a range of 2 to 3 per cent of the average American metals market list price for aluminium ingot, and the price for alumina within a range of 14 to 18 per cent.<sup>32</sup>

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### ▲UNCTAD—Committee on Tungsten

Geneva, 12-16 December 1983

■Although tungsten prices had now reached their lowest level since 1965, representatives from thirty-four tungsten producing and consuming countries moved no nearer the elusive international agreement to stabilise the market. Both sides remained divided by the same ideological differences since the search for a pact began in 1974: producers, led by Bolivia and China, want an agreement with a fixed price range to be maintained through nationally-held reserve stocks; the main consumers—the Federal German Republic, Japan, Sweden, the UK and the US favour no more than a forum for the exchange of information on prices and market trends. China, the world's largest producer and exporter of tungsten, now had production costs in excess of prices, which had dropped to \$67.22 in December 1983, as against a peak of \$171 in 1977. UNCTAD sees little prospect of a reduction in the tungsten surplus, which relates primarily to the Western decline in oil and gas drilling, mining, and the steel industry. The US again dismissed criticisms of tungsten sales from its strategic stockpile, widely considered to have an important psychological impact in depressing the market.<sup>33</sup>

●'It is the industry at large, not only producers themselves, which face a crisis . . . We would once again urge delegates at this meeting very seriously to take account of the severity of the situation and to ask themselves whether the extremes to which the price of tungsten is liable to go does not warrant the introduction of an international commodity agreement for tungsten'. Michael Maby, of the Primary Tungsten Association. *UN Press Release TAD/1296*, 19 December 1983.

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### ▲International Tin Council (ITC)

Council Session

London, 7-8 December 1983

■ The ITC agreed to **maintain its thirty-nine per cent cutback** for the first quarter of 1984, by limiting the exports of producing members to 22,000 tonnes. The breakdown was as follows: Australia, 2,125 tonnes; Indonesia, 5,526 tonnes; Malaysia, 9,128 tonnes; Nigeria, 341 tonnes; Thailand, 4,530 tonnes; and Zaire, 350 tonnes. The Council noted that, despite the steps taken to prevent illegal exports of tin, and approaches made to the Singapore government, the trade in tin smelted in Singapore and tin-in-concentrates of unspecified origin through Singapore was continuing. The Malaysian delegate, Ahmad Zubeir Noordin, announced a proposal to set up a terminal market for tin on the Kuala Lumpur Commodity Exchange by April 1984. The buffer stock manager would equally be able to operate on this market, which might in the long term provide a price that better reflects supply and demand than does either Penang or the London Metal Exchange.<sup>34</sup>

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### ▲International Sugar Organisation (ISO)

Consultative Group

London, 7-11 November 1983

■ Following deadlock at two negotiating conferences for a **new International Sugar Agreement (ISA) to begin in 1985**,<sup>35</sup> the eighteen key nations which make up this group edged nearer to resolving the differences between the EEC and other major exporters of sugar. Most of the twelve exporters, including three of the big four, Brazil, Cuba and Australia, accepted a compromise proposal on the price support mechanism of a new ISA, which has been put forward by Jorge Zorreguieta, the Chairman of the International Sugar Conference. If accepted by the EEC, the other large exporter, it would serve as a basis for further informal discussions or renewed negotiations in 1984.

Under the proposal, the first action to support falling prices would involve individual exporters withholding surplus stocks from the market that were in excess of their reference export availabilities (REAs).<sup>36</sup> The total of REAs, based on past export performance, would be some 20-21 mn tonnes, after allowing for exports by medium size and small exporters, and some 800,000 tonnes by non-members of the new ISA. If prices continued to fall, security stocks (possibly of 4 mn tonnes) would have to be held at the second action point. However, exporters already holding surplus stocks would be about to count them as security stocks at this point, while those with insufficient sugar could use future production to meet their security stocking obligations. (The 2.5 mn tonnes which exporters are obliged to hold under the present ISA might become security stocks under the new pact.) The proposal thus meets the EEC requirement for a minimum export entitlement which would not be reduced by additional stocking obligations. If prices rose through the zone of inaction separating the action points of a rising and falling market, security stocks would be released at the first action point, and surplus stocks at the second.<sup>37</sup>

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## SOUTH-SOUTH

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### ▲ Caribbean Community (CARICOM)

#### Emergency Session

Trinidad, 22-23 October 1983

■ Leaders of the thirteen-member CARICOM<sup>88</sup> met to consider what action to take following a **coup by the armed forces of Grenada on 19 October 1983**. This incident was the culmination of a feud between the Grenadian Prime Minister, Maurice Bishop, and the extreme left-wing of the ruling New Jewel Movement, notably Bernard Coard, the Finance Minister and Deputy Prime Minister. On 13 October 1983, Bishop had been deposed and placed under house arrest by the security forces commanded by General Austin Hudson and, following his release by supporters on 19 October, had been recaptured by Austin's forces and executed, together with three cabinet ministers and two trade union leaders. Austin had dissolved the People's Revolutionary Government (established when Bishop had overthrown the government of Eric Gairy in 1979), dismissed all cabinet ministers, and instigated a sixteen-member military council with full legislative and executive powers. Anxious to isolate Grenada diplomatically and to impose economic and political sanctions, **CARICOM decided to 'suspend Grenada until further notice'** from the organisation, reportedly to protect the security interests of the region. It also endorsed a decision by the smaller Organisation of Eastern Caribbean States (OECS)<sup>89</sup> to cut aid and other economic ties with Grenada, including air and sea links. These decisions were neither unanimous nor binding, since Grenada was not present, and the meeting therefore unofficial. President Forbes Burnham of Guyana was the only participant to oppose the suspension.

Although divided on the principle of direct intervention, certain CARICOM countries joined the US dawn invasion of Grenada on 25 October 1983. This involved 1,900 US marines and army rangers, together with 300 troops from Antigua, Barbados, Dominica, Jamaica, St. Lucia, and St. Vincent. Formally, the US action was the result of a request, by six of the seven-member OECS on 21 October 1983, to lead an intervention under the terms of the OECS treaty, which provides for joint action against threats to the common security of members. Apart from the protection of 1,000 US lives in Grenada, President Reagan justified the invasion as forestalling further chaos, and assisting in the restoration of law and order. While the UK declined the OECS invitation to join the invasion of a Commonwealth country, and actively advised against it, the US received worldwide condemnation for its action, with only three Latin American governments (Chile, Guatemala and Paraguay) supporting its intervention. The Soviet Union, accused by the US of encouraging Cuba to turn Grenada into a launchpad for international terrorism, issued some of the harshest criticisms. In the UN Security Council (28 October 1983), eleven nations voted for a resolution deeply deploring the invasion as a flagrant violation of international law, with the US voting against, and the UK, Togo and Zaïre abstaining. The invasion was concluded after the addition of a further 1,000 US paratroops on 26 October 1983. Sir Paul Scoon, the Grenadian Governor-General, announced the formation of an interim civilian administration pending the removal of the occupation forces and the holding of general elections. On 9 December 1983, Nicholas Braithwaite was

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appointed head of the interim government, a nine-man 'Advisory Council', after Alistair McIntyre, Deputy Secretary-General of UNCTAD, had declined to take up the post.<sup>40</sup>

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▲Contadora Group  
Foreign Ministers Meeting  
Panama City, 7-8 January 1984

■The Foreign Ministers of nine Latin American countries agreed on a **plan for reducing tension in Central America**; the agreement involves the four countries of the Contadora Group—Colombia, Mexico, Panama and Venezuela—together with the five countries directly affected by the conflict—Costa Rica, Guatemala, Honduras, Nicaragua, and El Salvador. Being a significant dilution of an earlier twenty-one point pact devised by the ministers in September 1983,<sup>41</sup> this new plan was said to reflect strong US pressure on its allies in the region to ensure the maintenance of a strong US military presence there. Its tentative provisions for the region's demilitarisation include an inventory of arms, military installations and soldiers of each country, and the drawing up of a timetable for the reduction and eventual elimination of foreign military advisers. While the document ignores the Nicaraguan desire for the establishment of a series of mutual nonaggression pacts, it does propose improved communications between governments, to prevent and resolve 'incidents'. One source of satisfaction for the Sandinista regime is the call for the 'identification and eradication of irregular forces which from, or across the territory of, one Central American State participate in destabilising actions against another government in the region'. The agreement also calls for the establishment of electoral timetables, the promotion of human rights, justice, liberty, and democracy, and improved aid for refugees. To implement the plan, three commissions, composed of two members of each Central American country, and covering security, political, and economic and social issues, are to report at the end of April 1984.

The peace efforts of the Contadora Group received formal praise and support in the **report of the US National Bipartisan Commission on Central America**, headed by Henry Kissinger, which was officially released on 11 January 1984. Unlike the Contadora Group, however, the Commission's report seeks more to highlight the East-West dimensions of tension in Central America than the indigenous problems of the region. It broadly supports the Reagan Administration's policies in Central America, particularly in the 'geo-strategic challenge' of the Soviet Union and Cuba to US political and security interests there. The Soviet-Cuban presence is set out in detail, as support for the view that the revolutionary strategy pursued in Nicaragua in 1978-9 is apt to be emulated in El Salvador, Guatemala and Honduras. While 'indigenous reform movements' and 'revolutions' are not in themselves harmful, their external support, independent momentum, and totalitarian outcome are considered to constitute a threat. In one instance of dissent from the Reagan line, the Commission recommends that while military aid to El Salvador should be substantially increased, it should also be contingent upon progress in human rights, including death squad activities. Improvements in living standards are called for in the report's analysis of Central America's economic and social problems. Aside from domestic reform, it recommends several emergency measures of external assistance.

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including: a further \$24 bn by 1990 from international financial institutions, donor countries, and private sector loans; a total of \$8 bn in aid from the US government over the five years from 1985; US government guarantees and aid on short-term trade credits and foreign debt; and, the creation of a Central American Development Organisation, through which part of the US aid (perhaps one-quarter) could be channelled to countries committed to internal democracy (members would have to belong to a regional security pact). Although the report was intended to counter concern at the Reagan Administration's Central American policies by reaching a broad consensus among the US Republican and Democratic parties, Dr Kissinger could not prevent individuals among the eleven commissioners recording reservations on key issues.<sup>42</sup>

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### ▲ Meeting of Latin American Countries on Foreign Debt Quito, 9-14 January 1984

■ The worsening debt problems of Latin America were discussed by officials from twenty-seven countries of the region, including the Presidents of Colombia, Costa Rica, the Dominican Republic and Ecuador, the Prime Ministers of Jamaica and Peru, and the Vice-President of Cuba. With total Latin American foreign debt well in excess of \$300 bn, they urged Western creditor nations to make sweeping changes to ease the burden, including a 'drastic reduction' in interest rates, an extended loan repayment schedule, and an agreement to limit loan payments to a manageable percentage of borrowers' export earnings. This would help alleviate the effects of the past three years of recession, including a 3.3 per cent drop in production, a sharp fall in export earnings, and foreign investment, and an unemployment rate exceeding twenty per cent; forty per cent of the debts incurred in the same period had gone towards interest payments. Serious social conflict remained a possibility while governments had to make the severe cutbacks in spending needed to meet the austerity plans imposed by the International Monetary Fund. Although the countries again stopped short of forming the much publicised 'debtors cartel', they called for a common negotiating position in talks with the developed world.<sup>43</sup>

● 'There is unanimous agreement that the region is going through the most dramatic and most serious period it has experienced since the great world crisis of the 1930s. It is not a new diagnosis that we need; it is answers to help us overcome today's problems now, and to lay solid foundations on which to build the future progress and wellbeing of the hemisphere'. Alejandro Orfila, Secretary-General of the OAS. *OAS Press* 12 January 1984.

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### ▲ Organisation of Petroleum Exporting Countries (OPEC) Sixty-Ninth Meeting of the Conference Geneva, 7-9 December 1983

■ Faced with the prospect of weak world demand for oil in the first quarter of 1984, OPEC Oil Ministers agreed to maintain their market price for oil at \$29 a barrel, and to leave the 17.5 b/d production ceiling and component national quotas unchanged. The decision was another compromise, with Iran dropping its demand

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for a quota increase and an overall price rise when agreement was reached to set up a technical committee to study which countries had gained from the \$5 a barrel price cut in OPEC's London Agreement of March 1983. Iran claimed that the governments and oil companies of the industrialised countries had been the real beneficiaries, and not the final consumers, thereby causing a net loss to OPEC without any counterbalancing effect of increased demand. Agreement was also conditional upon Saudi Arabia promising to abide by its upper limit of 5 mn b/d in its role as swing producer; some OPEC members blamed Saudi production of up to 6 mn b/d in the third quarter of 1983 for the downward pressure on prices in the fourth quarter. While the price and production decision tied in with recommendations from two prior meetings of OPEC's Monitoring Committee (27 October and 6 December 1983), the meeting also took up the latter's observations on production cheating in OPEC (with output up to around 19 mn b/d in October 1983) and the threat of a serious price break from the major non-OPEC exporters, such as the Soviet Union and the UK. In the event of any significant market deterioration, it was decided to convene an extraordinary meeting to adopt stabilising measures, including possible cutbacks in the OPEC output ceiling and quotas.<sup>44</sup>

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▲Gulf Cooperation Council (GCC)  
Fourth Summit of the Supreme Council  
Doha, Qatar, 7-9 November 1983

■The leaders of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, the six GCC members, held their **annual review of economic, political and defence cooperation and integration**. With continued fighting in the Gulf War, and PLO factions at war in Northern Lebanon, political and security issues were high on the agenda. The meeting pledged support for the UN Security Council resolution on 31 October 1983 calling for an end to all military activities and hostilities in the Gulf. While noting Iraq's agreement to the resolution, it appealed to Iran to avoid blocking free navigation through the Gulf straits, in view of their international importance and protection by international agreements. The proximity of Iran has underlined the difficulties the GCC faces in working towards regional security, with the deterrence value of its weapons build-up since 1981 in some doubt. The collective strength of the GCC armies is now about 190,000 equipped with nearly 900 main battle tanks and more than 3,500 armoured vehicles. The combined air forces include some 430 interceptors and ground attack aircraft, while naval strength includes thirty-six fast attack vehicles (many equipped with Exocet MM-40 missiles). Although the GCC wishes to eliminate superpower involvement in the region, the Saudi-led arms build-up has involved imports from the US, as well as France, the Federal German Republic and the UK. On the Palestine question, the GCC called for an end to the fighting between PLO factions in Northern Lebanon, where Yasser Arafat's troops had been under siege in Tripoli by Syrian-backed PLO rebels since 4 November 1983.<sup>45</sup> Stressing its support for the PLO's unity and cohesion, it reechoed its belief that peace in the Middle East necessitates the Palestinian people gaining its rights to repatriation, self-determination, and the establishment of an independent state in its national homeland.

On the economic front, important developments since the GCC was formed have

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included the removal of customs barriers between members, freedom of establishment in many professions, free access for national ships to GCC ports, and a minimum customs duty on imported foreign goods. This meeting announced the establishment of future projects for a pipeline linking gas fields to consumer centres throughout the region, for an oil pipeline linking members to an oil terminal on the Gulf of Oman, for a regional rail network, a joint shipping company connecting the main ports, and for storage centres for strategic goods.<sup>46</sup>

● 'GCC member countries are agreed that the best way to achieve our goals is to rely primarily on ourselves and to lay down the foundations for building our own strength because more than any other strength it safeguards our ability to avert all interference in our affairs and keep our area free of superpower conflict'. Sheikh Khalifah bin Hamad Al Thani, the Amir of Qatar. *BBC Summary of World Broadcasts* ME/7486/A/11, 9 November 1983.

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▲ Economic Community of the States of Central Africa (CEEAC)  
Libreville, Gabon, 18–19 October 1983.

■ The treaty establishing CEEAC was signed by ten of the eleven states attending this meeting. The signatories were Cameroon, Central African Republic, Congo, Gabon (members of the Central African Economic and Customs Union—UDEAC), Burundi, Rwanda, Zaire (members of the Economic Community of the Great Lakes—CEPGL), Chad, Equatorial Guinea, and São Tomé and Príncipe. Angola asked for more time before signing, because of the war it faces against South Africa and its internal armed rebellion. CEEAC is one of the economic groupings foreseen by the UN Economic Commission for Africa (ECA), and is intended to be a central African equivalent of the Economic Community of West African States (ECOWAS). It plans a progressive harmonisation of economies with a view to eventually forming a common market/economic and monetary union, fitting in with the wider African objectives enshrined in the Lagos Plan of Action (April 1980).<sup>47</sup>

● 'This is a major step in the establishment of African common markets which are essential to the initiation of dialogue and cooperation among developing countries'. President Omar Bongo of Gabon. *BBC Summary of World Broadcasts* ME/7470/B/1, 21 October 1983

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▲ Summit of East African Heads of State  
Arusha, 16 November 1983

■ The Presidents of Kenya, Tanzania and Uganda resolved the longstanding issue of the **division of assets and liabilities of the former East African Community (EAC)**, which collapsed in 1977. The EAC had reflected the search for integration between the countries following their independence in the 1960s, and had extended to cover railways, airways, post and telecommunications, harbours, and customs and taxation, as well as the creation of an East African Parliament. All three countries accepted the financial solution drawn up by their Swiss mediator, Viktor Umbricht, appointed in 1977 by the World Bank, which had made loans to the EAC. With the division of \$916 mn assets giving forty-two per cent to Kenya, thirty-two per cent to



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Tanzania, and twenty-six per cent to Uganda, the former countries agreed to pay Uganda compensation of \$19.1 mn (at the July 1977 rate) to compensate for the larger shares they had originally received. Kenya and Tanzania agreed to reopen their 800 km border, closed since 1977, reestablishing important trade benefits for both countries.<sup>48</sup>

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### ▲Frontline States

Summit of Heads of State and Government

Lusaka, 12 November 1983

■Reiterating support for UN Resolution 435 on Namibia, the Heads of the Frontline States (Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe)<sup>49</sup> **deplored South Africa's efforts to block the freedom and independence of Namibia**, as well as the South African and US attempts to link this question to the withdrawal of Cuban forces from Angola. South Africa was further condemned for the destabilisation of its neighbours, in particular the continued occupation of the southern part of Angola, and the repeated violation of territory in Mozambique. Denouncing *apartheid* and internal repression in South Africa, the Heads rejected the proposed constitutional changes approved by a referendum of South Africa's white population of 3 November 1983, which offers very limited political representation to Coloureds and Asians, and none to the majority black population.<sup>50</sup>

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### ▲Lusophone Summit Meeting

Guinea-Bissau, 20 December 1983

■The leaders of Angola, Cape Verde, Guinea-Bissau, Mozambique and São Tomé and Príncipe, the former Portuguese colonies in Africa, devoted this summit to the situation of **continuing tension in southern Africa**. They condemned *apartheid*, the South African destabilisation of its neighbours, and the 'absurd linkage' established between Namibian independence and the presence of Cuban troops in Angola. They reiterated unconditional support for the South West African People's Organisation (SWAPO), and urged international assistance to Angola in its support role.<sup>51</sup>

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### ▲Organisation of African Unity (OAU)

Meeting on Chad

Addis Ababa, 9-13 January 1984

■Points of protocol were cited as preventing the holding of reconciliation talks between the rival factions in Chad's eighteen-year-old civil war. Because of the high-level welcome given by the Ethiopian government to Goukhouni Oueddei, the rebel leader and former President whose forces now control the northern half of Chad with Libyan backing, the current President, Hissène Habré, refused to attend, and instead sent his Interior Minister, Taher Guinassou. With Goukhouni unwilling to talk to anyone except Habré, the token outcome was a round of talks between Colonel Mengistu Haile Mariam, the Ethiopian leader and Chairman of the OAU, and various of the eleven other factions represented.<sup>52</sup>

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● 'It is very unfortunate that the Chad government delegation . . . had to deprive months of ceaseless and relentless efforts aimed at bringing about national reconciliation among the Chadian people of the slightest chance of success'. Colonel Mengistu Haile Mariam, the Ethiopian leader and Chairman of the OAU, *The Times* (London) 14 January 1984, p 5.

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### ▲South Africa-Mozambique Meeting Swaziland, 20 December 1983

■ Meeting on neutral territory, delegations from Mozambique and South Africa (including R Botha, the Foreign Minister), were said to have discussed a **possible end to hostilities** between the countries, entailing an accord under which both of them would undertake not to support rebel movements seeking the overthrow of the other's established government. South Africa alleges that the Frelimo regime of President Samora Machel allows members of the African National Congress (ANC) to use Mozambican territory to plan attacks in South Africa, and has launched raids on purported ANC bases inside the territory. Mozambique accuses South Africa of supporting the Mozambique National Resistance Movement (MNR) in its armed rebellion against the government, which has inflicted crippling blows on the Mozambican economy (currently suffering under the effects of severe drought). The main problem of this scenario is that while South Africa readily has the power to curb the effectiveness of the MNR, Mozambique would have a great deal more difficulty restraining or neutralising the activities of ANC exiles in its territory. Angola, the only other southern African country to officially harbour ANC activists, was victim of one of the worst ever South African military raids throughout December 1983; by the time of the South African withdrawal in mid-January 1984, the death toll was put at some 500 soldiers and civilians in Angola, and twenty-one South African soldiers.<sup>53</sup>

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### ▲South Africa-Mozambique Meeting Pretoria and Maputo, 16 January 1984

■ According to a communiqué from Pretoria, these bilateral talks made further progress after the delegations discussed 'measures to be taken in order that the territories of neither state should serve as a springboard for aggression and violent action against the other'. They also discussed 'practical mechanisms to ensure the implementation of the objective as well as the continuity of the process'. Meanwhile, in Maputo, two senior delegations discussed economic cooperation, including the resumption of power supply from the Cabora Bassa hydro-electric project (repeatedly sabotaged by MNR activities), migrant labour from Mozambique, and the resumption of potentially valuable tourist traffic from South Africa. All these issues were passed for further discussion to four high-level working groups.<sup>54</sup>

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### ▲Association of South East Asian Nations (ASEAN) Foreign Ministers Meeting Jakarta, 7 November 1983

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■ Expected ASEAN moves against Australia for refusing in October 1983 to continue co-sponsoring the UN resolution on the withdrawal of foreign troops from **Kampuchea**, were postponed pending the visit of Bob Hawke, the Australian Prime Minister, to Thailand on 19 November 1983. Worried by a potential Australian drift to neutralism, ASEAN had already cancelled a regular meeting with Australia, whose present government believes that Vietnam must be lured away from reliance on the Soviet Union, and fears a recrudescence of Khmer Rouge violence if Vietnamese troops leave Kampuchea. Believing a Sino-Soviet rapprochement to be a precondition of lessening the Soviet grip on Vietnam, the five ASEAN countries (Indonesia, Malaysia, the Philippines, Singapore and Thailand) favour Vietnam's continued diplomatic isolation. In Kampuchea, they believe that the presence of UN troops will prevent the Khmers Rouges from regaining overall power. During his visit to Thailand, Hawke reaffirmed Australia's friendship with ASEAN, but promised no modifications of its independent policy of Indochina.<sup>55</sup>

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### FOOTNOTES

<sup>1</sup> Resolution TD/B/C.7/17.

<sup>2</sup> *UNCTAD Press Release* TAD/INF/1496, 13 September 1983, and TAD/INF/15107, 6 October 1983.

<sup>3</sup> *UNCTAD Press Release* TAD/INF/1516, 7 November 1983.

<sup>4</sup> Angola, Benin, Botswana, Cape Verde, Central African Republic, Chad, Ethiopia, Gambia, Ghana, Guinea, Lesotho, Mali, Mauritania, Mozambique, São Tomé and Príncipe, Senegal, Somalia, Swaziland, Tanzania, Togo, Zambia, and Zimbabwe.

<sup>5</sup> *FAO News Release* Press 83/77, 19 October 1983; *IHT* 9 November 1983, p 4.

<sup>6</sup> *FAO News Release* Press 83/110 C/21, 24 November 1983, and Press 83/111 C/22, 23 November 1983; *Financial Times* (London) 23 November 1983, p 36.

<sup>7</sup> *UN Press Release* UNESCO/2447, 25 November 1983, and UNESCO/2448, 28 November 1983; *IHT* 27 October 1983, p 5, 16 November 1983, p 5, 26 November 1983, p 1, and 1 January 1984, p 2; *The Times* (London) 17 November 1983, p 5; *Daily Telegraph* (London) 31 December 1983, p 5.

<sup>8</sup> See *Third World Quarterly* 4(4) October 1982, pp 621–2, and 5(2) April 1983, pp 420–21.

<sup>9</sup> *UNCTAD Press Release* TAD/INF/1520, 21 November 1983.

<sup>10</sup> *UNIDO Press Release* IDO/1034, 21 October 1983.

<sup>11</sup> *UNCTAD Press Release* TAD/INF/1523, 24 November 1983, and TAD/INF/1524, 1 December 1983. Details of the restrictive business practices UNCTAD is trying to control or eliminate are contained in the UNCTAD Secretariat's *Consideration of the Revised Draft of a Model Law or Laws on Restrictive Business Practices*, TD/B/RBP/15, 23 September 1983.

<sup>12</sup> *UN Press Release* GA/6869 DEV/1530, 9 November 1983.

<sup>13</sup> See *Third World Quarterly* 5(2) April 1983, pp 433–6.

<sup>14</sup> *Focus* (GATT Newsletter) December 1983.

<sup>15</sup> Brunei became the forty-ninth member of the Commonwealth on 1 January 1984.

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- <sup>16</sup> See below (CARICOM emergency meeting) for details of the Grenada invasion.
- <sup>17</sup> Canada, the Federal German Republic, France, the UK and the US. The US has been widely condemned for its support of the linkage.
- <sup>18</sup> See *Towards a New Bretton Woods, Report of the Commonwealth Secretariat 1983*, which resulted from an initiative of Robert Muldoon, the New Zealand Prime Minister, at the 1982 Commonwealth Finance Ministers meeting (see *Third World Quarterly* 5(1) January 1983, pp 157-9).
- <sup>19</sup> Canada, Fiji, India, New Zealand, Tanzania, Trinidad and Tobago, the UK, and Zimbabwe.
- <sup>20</sup> *Commonwealth Information*—Commonwealth Heads of Government Meeting New Delhi 1983 (Includes the Goa Declaration of International Security, the New Delhi Statement on Economic Action, Communiqué, and Commonwealth Functional Cooperation). *The Times* (London) 24 November 1983, p 4, and 30 November 1983, p 5; *IHT* 25 November 1983, p 6, and 30 November 1983, p 5; *Financial Times* (London) 28 November 1983, p 36, 29 November 1983, p 36, 29 November 1983, p 3, and 30 November 1983, p 4; *Daily Telegraph* (London) 28 November 1983, p 4; *The Guardian* (London) 30 November 1983, p 8; *The Economist* (London) 3 December 1983, p 60.
- <sup>21</sup> *OECD Press Release* PRESS/A(83)61, 29 November 1983, and PRESS/A(83)62, 29 November 1983.
- <sup>22</sup> *The Guardian* (London) 14 January 1984, p 18, and 16 January 1984, p 6; *The Times* (London) 16 January 1984, pp 5 and 13; *IHT* 16 January 1984, p 1; *Financial Times* (London) 16 January 1984, p 1.
- <sup>23</sup> *OECD Press Release* PRESS/A(83)54, 20 October 1983; *West Africa* (London) 7 November 1983, p 2585.
- <sup>24</sup> See *Third World Quarterly* 6(1) January 1984, pp 196-8.
- <sup>25</sup> See below (CARICOM community meeting) for further details.
- <sup>26</sup> *OAS—Resolutions Adopted by the General Assembly at its Thirteenth Regular Session* OEA/Ser.P AG/doc.1731/93 rev. 1, 7 December 1983. *OAS Press* E-116/83, 7 November 1983; *The Guardian* (London) 17 November 1983, p 6; *The Times* (London) 19 November 1983, p 11.
- <sup>27</sup> Bulgaria, Cuba, Czechoslovakia, German Democratic Republic, Hungary, Mongolia, Poland, Romania, Soviet Union, and Vietnam.
- <sup>28</sup> *BBC Summary of World Broadcasts* EE/7471/C/1, 22 October 1983. *The Guardian* (London) 19 October 1983, p 6, and 20 October 1983, p 7; *Financial Times* (London) 21 October 1983, p 2.
- <sup>29</sup> *Financial Times* (London) 29 October 1983, p 2, and 1 November 1983 p 2; *IHT* 29-30 October 1983, p 2.
- <sup>30</sup> See *Third World Quarterly* 5(3) July 1983, pp 672-3.
- <sup>31</sup> *UNCTAD Press Release* TAD/INF/1521, 22 November 1983. *Financial Times* (London) 30 November 1983, p 24; *Far Eastern Economic Review* (Hong Kong) 15 December 1983, pp 59-60.
- <sup>32</sup> *Reuter Metal Newsletter* No 220/83, 8 November 1983. *Financial Times* (London) 15 November 1983, p 36.
- <sup>33</sup> *UNCTAD Press Release* TAD/INF/1527, 19 December 1983 and TAD/1296, 19 December 1983; *Reuter Metal Newsletter* 12 December 1983; *Financial Times* (London) 14 December 1983, p 38.

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- <sup>24</sup> *ITC Press Release* 8 December 1983; *Reuter Metal Newsletter* No 243/83, 9 December 1983.
- <sup>25</sup> See *Third World Quarterly* 5(4) October 1983, pp 934–6, and 6(1) January 1984, p 191–2.
- <sup>26</sup> See *Third World Quarterly* 5(4) October 1983, p 936.
- <sup>27</sup> *Reuter Sugar Newsletter* No 222/83, 10 November 1983, and No 223/83, 11 November 1983.
- <sup>28</sup> Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Monserrat, St. Lucia, St. Christopher and Nevis, St. Vincent and the Grenadines, and Trinidad and Tobago.
- <sup>29</sup> The OECS, formed at Basseterre, St. Christopher and Nevis, in June 1981, comprises Antigua, Dominica, Grenada, Monserrat, St. Christopher and Nevis, St. Lucia, and St. Vincent and the Grenadines. The founding treaty is contained in *International Legal Materials* 20(5) September 1981, pp 1166–89.
- <sup>30</sup> *The Guardian* (London) 21 October 1983, p 9, 24 October 1983, p 6, 31 October 1983, p 6, and 10 December 1983, p 7; *IHT* 25 October 1983, p 4, and 26 October 1983, p 1; *Financial Times* (London) 26 October 1983, p 6; *The Economist* (London) 29 October 1983, p 21; *UN Weekly News Summary* WS/83/38, 2 November 1983.
- <sup>31</sup> See *Third World Quarterly* 6(1) January 1984, p 198.
- <sup>32</sup> *The Guardian* (London) 10 January 1984, p 7, and 12 January 1984, p 17; *Financial Times* (London) 10 January 1984, p 4, and 12 January 1984, p 3; *Daily Telegraph* (London) 10 January 1984, p 5; *Official Text* US Information Service, US Embassy, London ('Information Sheet on the Report of the National Bipartisan Commission on Central America', 11 January 1984, and 'Kissinger Commission on Central America', 12 January 1984).
- <sup>33</sup> *Newsweek* 23 January 1984, p 18; *Financial Times* (London) 16 January 1984, p 2.
- <sup>34</sup> *Middle East Economic Survey* (Nicosia) 31 October 1983, pp A1–A3, and 12 December 1983, pp A1–A3; *Financial Times* (London) 9 December 1983, p 36.
- <sup>35</sup> On 25 November 1983, three days of negotiations between Abdel Halim Khaddam, the Syrian Foreign Minister, and Prince Saud al-Faisal, the Saudi Foreign Minister, ended in an agreement for the withdrawal of all PLO troops in and around Tripoli.
- <sup>36</sup> *BBC Summary of World Broadcasts* ME/7488/A/4, 11 November 1983; *MEES* (Nicosia) 14 November 1983, pp A9–10; *The Guardian* (London) 8 November 1983, p 8; *IHT* 10 November 1983, p 6. Further background information is contained in two special supplements, in *IHT* 7 November 1983, pp 9–12, and *The Guardian* 30 November 1983, pp 25–7.
- <sup>37</sup> *BBC Summary of World Broadcasts* ME/7470/B/1, 21 October 1983; *West Africa* (London) 31 October 1983, p 2540.
- <sup>38</sup> *BBC Summary of World Broadcasts* ME/7494/B/5, 18 November 1983; *The Guardian* (London) 16 November 1983, p 7; *The Times* (London) 17 November 1983, p 5.
- <sup>39</sup> Botswana was represented by its Foreign Minister.
- <sup>40</sup> *BBC Summary of World Broadcasts* ME/7491/B/1, 15 November 1983.
- <sup>41</sup> *BBC Summary of World Broadcasts* ME/7524/B/4, 23 December 1983.

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<sup>82</sup> *West Africa* (London) 16 January 1984, p 134; *The Guardian* (London) 10 January 1984, p 6.

<sup>83</sup> *The Guardian* (London) 21 December 1983, p 7 and 16 January 1984, p 6; *The Times* (London) 22 December 1983, p 6; *The Economist* (London) 24 December 1983, p 39.

<sup>84</sup> *Financial Times* (London) 18 January 1984, p 4.

<sup>85</sup> *Far Eastern Economic Review* (Hong Kong) 17 November 1983, p 14, *The Economist* (London) 19 November 1983, p 57; *The Times* (London) 22 November 1983, p 7.

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#### FEATURE REVIEW

## On Misreading Development Economics

Keith Griffin

### The Poverty of 'Development Economics'

Deepak Lal

London: Institute of Economic Affairs (Hobart Paperback 16). 1983. 127pp. £3.00

*he Poverty of 'Development Economics'* is a polemic; it is not a serious work of scholarship. The book's title is a pun on a volume by Thomas Balogh<sup>1</sup> and its major conclusion is an old saw about 'getting prices right'.<sup>2</sup> In between is an unrelenting attack on almost every major economist who has written about the problems of underde-

<sup>1</sup> Thomas Balogh, *The Economics of Poverty*, London: Weidenfeld and Nicolson, 1966.

<sup>2</sup> In his laudatory Preface, Martin Wassell asserts that 'If there is one piece of policy advice that can be drawn unambiguously from the development experience of the past few decades, it is "Get the prices right!"' (pp x-xi).

veloped countries. Mr Lal seems to approve of no one except Haberler, Viner, Bauer and Yamey, Schultz, Little—and, of course, himself.<sup>3</sup>

The major charge against development economics is that it provides intellectual arguments in support of government intervention to accelerate growth and reduce poverty. This is branded by Mr Lal as 'the *dirigiste* dogma'. Nowhere is the dogma defined—it is really a straw man—although its 'essential elements' are said to be a belief that the market economy should be supplanted by direct controls, that resource allocation is unimportant, that the arguments for free trade are invalid and that governments should intervene to improve the distribution of income and wealth. Against this dogma Mr Lal upholds the 'economic principle'—the nearly universal assumption that people will take advantage of the opportunities presented to them—and asserts without evidence or argument that denying the economic principle is 'the hall-mark of much development economics'.<sup>4</sup> Rarely does one encounter such nonsense from someone holding a senior appointment in a major academic institution.<sup>5</sup>

It is perfectly possible to believe that prices matter and that government intervention often is necessary to achieve specified objectives. Indeed, the great majority of economists believe precisely this. To believe, as Mr Lal apparently does, that prices are the only things that matter one must assume (i) that short-run elasticities are high and that once disturbed, the movement of market prices to a new equilibrium is rapid; (ii) that income distribution does not matter, or that governments should not influence the present distribution of income, whatever that happens to be; and (iii) that if governments do intervene they are more likely to make things worse than better.

There is abundant evidence that the first assumption is false. Free exchange rates adjust only slowly to their long-run equilibrium values; the composition of a country's output responds only slowly to changes in its international terms of trade, as can readily be seen today in many Third World countries; and the labour market in industrial countries corrects an unemployment disequilibrium painfully slowly, as the massive unemployment in the West associated with the current prolonged recession indicates. The list of additional examples is endless.

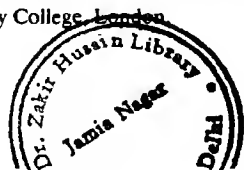
As for the distribution of income, it is simply a political fact of life that governments do care about inequality, some favouring it in the name of incentives and others deploring it in the name of social justice. Whether one likes it or not, and Mr Lal clearly does not, governments will continue to intervene in market processes to alter the distribution of income and wealth. To say blandly that 'we lack a consensus about the ethical system for judging the desirability of a particular distribution of income'<sup>6</sup> does about as much good as spitting into the wind. One doesn't have to be a Marxist, or even a development economist, to recognise that much of modern politics consists of a struggle among classes, groups and coalitions to alter the distribution of income. Moreover, once this point is recognised it follows that the set of 'efficient' relative prices is itself a function of the distribution of income, since a different distribution will result in a different pattern of final and intermediate demand and hence in different market clearing prices.

<sup>3</sup> See footnote 1, p 1; p 77 where I M D Little is given credit for 'one of the major intellectual advances'; and pp 119–21 where 20 of Mr Lal's works are cited; two other works of his are included on p 116. The next most cited author is Streeter (disapprovingly) with seven references.

<sup>4</sup> p 104.

<sup>5</sup> Mr Lal is Reader in Political Economy at University College, London.

<sup>6</sup> p 88.



Even Mr Lal acknowledges that there is a theoretical case for government intervention, but he argues that in practice the case is weak. The reasons for this are partly the transactions costs of intervention and the consequent 'bureaucratic failure', but more important to his argument is the 'theory of the second best'. The theory of the second best demonstrates that when there are multiple distortions in an economy, the removal of only one distortion may actually reduce overall efficiency. For example, if both gas and electricity are subsidised and gas is the lower cost source of energy, the removal of the subsidy on gas would result in lower efficiency in the use of fuel, because it would raise gas prices and shift demand to the higher cost electricity. Mr Lal then uses this theory to argue that it may be, and by implication often is, 'second-best' to do nothing.<sup>7</sup> This, of course, begs the question as to whether governments should not intervene to remove both (or all) distortions. The theory of the second best can be used to justify pervasive intervention just as easily, and perhaps more easily, than it can be used to support Mr Lal's policy of non-intervention.

Mr Lal argues, quite correctly, that 'there are few, if any, instruments of government policy which are non-distortionary, in the sense of not inducing economic agents to behave less efficiently in some respects'.<sup>8</sup> It follows from this neither that governments should refrain from intervention nor that they should attempt to adopt the utopian prescription of imposing lump-sum taxes and subsidies. Indeed 'distorting' interventions, e.g. food rationing, may well be preferable whenever specific redistributive measures would meet with widespread support and cooperation, whereas general redistributive measures would not. Mumbo-jumbo about the theory of the second best and lump-sum tax/subsidy systems really doesn't get us very far in the real world.

### The development record

Mr Lal attacks development economics because he thinks the writings of economists have had a negative influence on development policy in the Third World. Let us assume, perhaps flatteringly, that development economics has in fact affected policy. What, then, has been the growth performance in the Third World? Has the record been such that at least a plausible case can be made against development economics? Alas for Mr Lal's argument, the facts appear to contradict him.

First, the growth since 1945-50 in the Third World as a whole, i.e., in the period since development economics emerged as a major subject of study, has been considerably faster than that achieved in the now industrialised countries during their period of initial development in the eighteenth and nineteenth centuries. Second, the rate of growth in the Third World since the end of World War II is much faster than the rate of growth achieved by these same countries in the first half of the century, when many of them (in Latin America) were governed by parties following liberal policies of the type Mr Lal approves and many others (in Asia and Africa) were part of the British Empire and enjoyed the supposed benefits of Empire free trade.

Third, Mr Lal reproduces data<sup>9</sup> published by David Morawetz<sup>10</sup> which show that for sixteen underdeveloped countries for which information is available, the rate of growth

<sup>7</sup> p 112.

<sup>8</sup> p 15.

<sup>9</sup> p 23.

<sup>10</sup> David Morawetz, *Twenty-Five Years of Economic Development: 1950 to 1975*, Washington DC: World Bank, 1977.

of GDP per head was on average two or three times higher in the period 1950–75 than in the period (approximately) 1913–50.<sup>11</sup> Fourth, looking at each case individually, in all but one of these sixteen countries, viz. Ghana, the growth of per capita income was faster in 1950–75 than in 1913–50. Thus if development economics is responsible for the growth achieved in the Third World, it appears that it deserves praise rather than blame!

Mr Lal systematically ignores cases which undermine his argument. Thus no mention is made of the experience of socialist underdeveloped countries although one would have thought that they would be prime examples of countries afflicted by his '*dirigiste* dogma'. China, for example, engages in central planning, uses a large number of direct controls to allocate resources, intervenes in almost all markets, rations many essential consumer goods including food, regulates the mobility of labour and has a highly 'imperfect' credit market for finance capital. China does virtually all of the things Mr Lal says Third World countries shouldn't do.

Yet China has grown much faster than other poor countries, has achieved a very low rate of infant mortality and a life expectancy approaching European standards, has attained universal primary education and nearly eliminated illiteracy among those born after 1949, has reduced malnutrition to insignificant proportions and has achieved a remarkably equal distribution of income.<sup>12</sup> To add insult to injury, China's exports since 1965 have grown at the same rate as world trade as a whole whereas the share of other Third World countries has continued to fall rapidly.

Similarly, Mr Lal has nothing to say about Chile's experience under Pinochet during the last 10 years. Yet Chile certainly had the 'courageous, ruthless and perhaps undemocratic government (that) is required to ride roughshod over . . . special interest groups' and was far from half-hearted in implementing its liberalisation programme.<sup>13</sup> Tariffs were dismantled, the banking system was freed of controls, the exchange rate was allowed to float, internal price 'distortions' were removed, government intervention was reduced to a minimum, monetarist policies were followed, and private entrepreneurs were allowed to borrow massively in the international commercial credit market. The result has been a catastrophe. Unemployment has soared to over a third in the cities, industrial production has collapsed, inflation after falling initially has begun to spiral again, per capita income has fallen, inequality has become exceptionally great, and poverty in a once prosperous country has become acute and widespread.

Mr Lal may choose to overlook awkward examples such as these, but those with a genuine concern for economic betterment would be foolish to do so.

## Macroeconomic interventions

Mr Lal is against planning and macroeconomic interventions of all sorts. He asserts that

<sup>11</sup> In fact data for Pakistan, 1950–75 are not included in Morawetz's table, but it is now known that the growth of GDP per capita in that period was much faster than the growth of 0.2 per cent per annum recorded for 1913–50.

<sup>12</sup> Mr Lal doubts the success of China in alleviating poverty and reducing inequality (p 102, note 1). For some facts on the matter see Keith Griffin and Ashwani Sauth, 'The Pattern of Income Inequality in Rural China', *Oxford Economic Papers* 34(1) March 1982, pp 172–206 and Keith Griffin and Kimberley Griffin, 'Institutional Change and Income Distribution in the Chinese Countryside', *Oxford Bulletin of Economics and Statistics* 45(3) August 1983, pp 223–48.

<sup>13</sup> p 33.

the 'only logical basis for rational government intervention' is microeconomic in nature based on a full set of 'shadow' prices.<sup>14</sup> Since no country has a full set of 'shadow' prices or uses them as the sole basis for its policy initiatives, all governments are irrational most of the time. 'Rational government intervention can rarely be expected . . . [and] in such circumstances, the *laissez-faire* outcomes of an imperfect market economy may turn out better than the irrational government interventions which alone are feasible'.<sup>15</sup> So in the end, despite his protestations, Mr Lal is an advocate of *laissez-faire*.<sup>16</sup>

One need not, however, accept Mr Lal's view of what is rational, and politicians certainly do not. Moreover, even if one accepts Mr Lal's peculiar view that getting prices right is the only rational thing to do, it does not follow that if the ideal is not possible then *laissez-faire* may be preferable to any other alternative. It requires a huge leap of faith, and a failure of the imagination, to argue that if perfection is unattainable, it is better to do nothing.

Planning in the Third World can be and has been subjected to severe criticism,<sup>17</sup> and there is no doubt that the quality of the growth that has been achieved has often resulted in greater inequality and probably further impoverishment of several important sections of the population.<sup>18</sup> It is also true, I think, that governments have not been particularly good at 'picking industrial winners', as Mr Lal rightly claims. The industrial and sectoral composition of investment probably has resulted in a higher incremental capital-output ratio than necessary and consequently the overall rate of growth has not been as high as it could have been.

Despite this, I believe that it is true to say that planning and other forms of macroeconomic intervention, including intervention in Taiwan and South Korea, deserve credit for accelerating growth beyond what it otherwise would have been. The reason for this is that macroeconomic government policy has resulted in high savings rates and fixed capital formation, and this higher level of investment has more than offset the higher incremental capital-output ratio. The net effect of government action, hence, has been faster growth. This is a rather modest claim to make, especially if growth has resulted in an actual fall in living standards for some groups, but I believe it is an accurate statement of what has happened.

### Sectoral and distributional issues

Development economists have long been aware of the need to achieve a more desirable pattern of growth and in particular to devote more resources to rural development. The list of contributors to the literature on agricultural and rural development is long and distinguished and one can only read with amazement Lal's assertion that 'development economics was marked in its early days by little concern for rural development'.<sup>19</sup> In France there was René Dumont; in Japan, Ishikawa; in the United States, Bruce Johnston and John Mellor, Solon Barraclough, Peter Dorner and Wolf Ladejinsky; and

<sup>14</sup> p 78.

<sup>15</sup> p 79.

<sup>16</sup> Contrast the above quotation with his statement on p 6: 'Nor, more importantly, am I arguing for *laissez-faire*'.

<sup>17</sup> See for example Keith Griffin and John Enos, *Planning Development*, Reading, Massachusetts: Addison-Wesley, 1971.

<sup>18</sup> See for example Ajit Ghose and Keith Griffin, 'Rural Poverty and Development Alternatives in South and Southeast Asia', *Development and Change* 11(4) October 1980, pp 545-72

<sup>19</sup> p 94.

in Britain, there was Thomas Balogh and Michael Lipton among others.<sup>20</sup> None of the early writings of these authors on rural development are included in Lal's references and one must assume that he is unfamiliar with the literature.

True, many who are familiar with agricultural conditions in the Third World regard land reform as an essential element in any programme of rural development. Mr Lal, predictably, disagrees, even going so far as to question the productivity raising effects of the land reforms in Japan, South Korea and Taiwan.<sup>21</sup> More generally he argues that even talk of land reform is undesirable because it discourages landlords from investing and in any case is unnecessary for equitable rural development 'as long as the markets for rural labour and agricultural commodities are not too imperfect'.<sup>22</sup> He should tell that to the peasants of Central America and the Philippines!

Mr Lal is hostile not only to land reform but to any measure designed to redistribute resources to benefit the poor. Thus he attacks Tanzania for its literacy programme, and Sri Lanka for its nutritional and other welfare policies which have resulted in a life expectancy for its people far above the Third World average. In two remarkably superficial paragraphs on 'ethics' he attempts to dismiss the case for alleviating poverty through a redistribution of income and productive assets by noting that it is logically possible for the distribution of income to become more equal at the same time that the level of income of all groups declines.<sup>23</sup> Having presented this logical possibility it is clear that he hopes his readers will conclude that this is in fact the most likely outcome. Such a conclusion would, of course, be absurd.

Mr Lal however persists to the bitter end with his mono-maniacal thesis 'that efficient growth which raises the demand for unskilled labour by "getting the prices right" is probably the single most important means of alleviating poverty'.<sup>24</sup> Unfortunately, the process by which prices become 'right', as Amartya Sen has shown, literally can kill,<sup>25</sup> and elsewhere it has been argued that both in Asia<sup>26</sup> and in Africa<sup>27</sup> a market-

<sup>20</sup> René Dumont has written more than a score of books on rural development. Perhaps the best known to an English speaking audience are *Lands Alive*, London: Merlin Press, 1965; *False Start in Africa*, London 1966; and (with B Rosier) *The Hungry Future*, London 1969. Also see Shigeru Ishikawa, *Economic Development in Asian Perspective*, Tokyo: Kinokuniya, 1967; Bruce Johnston and John Mellor, 'The Role of Agriculture in Economic Development', *American Economic Review*, 41(4) September 1961, pp 566-93; Solon Barraclough and Art Domke, 'Agrarian Structure in Seven Latin American Countries', *Land Economics* 52(4) 1966, pp 391-424; Peter Dörner, *Land Reform and Economic Development*, Harmondsworth: Penguin, 1972; Louis J Walinsky, (ed), *The Selected Papers of Wolf Ladejinsky. agrarian reform as unfinished business*, Oxford: Oxford University Press, 1977; Thomas Balogh, 'Agriculture and Economic Development', *Oxford Economic Papers* 13(1) 1961, pp 27-42; Michael Lipton, *Why Poor People Stay Poor: urban bias in world development*, London: Temple Smith, 1977 and Michael Lipton, 'The Theory of the Optimising Peasant', *Journal of Development Studies* 4(3) April 1968, pp 327-51.

<sup>21</sup> As evidence he cites R A Berry and W R Chme, *Agrarian Structure and Productivity in Developing Countries*, Johns Hopkins University Press, 1978. He neglects to mention to his readers, however, that the thesis of the book is that land redistribution can be justified both on grounds of efficiency and of equity.

<sup>22</sup> p 97.

<sup>23</sup> pp 88-9.

<sup>24</sup> p 102.

<sup>25</sup> Amartya Sen, *Poverty and Famines*, Oxford: Oxford University Press, 1981.

<sup>26</sup> Ajit Ghose and Keith Griffin, *op. cit.*

<sup>27</sup> Dharam Ghai and Lawrence Smith, 'Food Policy and Equity in Sub-Saharan Africa', Geneva: ILO (World Employment Programme Working Paper) August 1983.

determined rise in the relative price of food has been largely responsible for the impoverishment of very large numbers of people, despite the fact that average incomes per head may have risen. No doubt Mr Lal would reply that the adjustment of prices has not been efficient enough.

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**Libya: the experience of oil**

J A Allan

Boulder, Colorado: Westview Press. 1981. 328pp. \$35.00

**Libya Since Independence**

Edited by J A Allan

London: Croom Helm. 1982. 187pp. £14.95

**The Herders of Cyrenaica: ecology, economy and kinship among the Bedouin of Eastern Libya**

R H Behnke

Urbana, Illinois: University of Illinois Press. 1980. 197pp. \$14.50

**Libyan Sandstorm: the complete account of Qaddafi's revolution**

John K Cooley

New York: Holt, Rinehart and Winston. 1982. 320pp. \$16.50

**Libya Since the Revolution: aspects of social and political development**

Maris K Deeb and Mary Jane Deeb

New York: Praeger. 1982. 156pp. \$22.50

**Political Development and Social Change in Libya**

Omar I El-Fathaly and Monte Palmer

Lexington, Massachusetts: Lexington Books. 1980. 231pp. \$24.95

**Social and Economic Development of Libya**

Edited by E G H Joffe and K S McLachlan

Boulder, Colorado: Westview Press. 1982. 369pp. \$37.50

**Libya: a modern history**

John Wright

Baltimore, Maryland: Johns Hopkins University Press. 1982. 306pp. \$25.00

Aghil Barbar, **The Tarabulus (Libyan) Resistance to the Italian Invasion: 1911-1920** (unpublished PhD dissertation), University of Wisconsin-Madison. 1980. 420pp. \$15.00 (available from University Microfilms)

**Abdulmola El-Horeir, Social and Economic Transformations in the Libyan Hinterland**

**During the Second Half of the 19th Century: the role of Sayyid Ahmad al-Sharif al-Sanusi** (unpublished PhD dissertation), University of California at Los Angeles. 1981. 308pp. \$15.00 (available from University Microfilms)

**Ahmed Said Fituri, Tripolitania, Cyrenaica and Bilad as-Sudan: trade relations during the second half of the nineteenth century** (unpublished PhD dissertation), University of Michigan. 1982. 350pp. \$15.00 (available from University Microfilms)

After years of neglect, Libya has become an object of fashion in the publishing world. Since 1980 more than ten book-length studies of the country's society, history, and politics have appeared in English, probably equalling the entire output of the previous decade, and certainly surpassing the attention being devoted to any other Maghribi state.

The factors which account for this embarrassment of riches are various, and they are evident in various ways in the books under consideration here. The revolutionary government of Colonel Muammar al-Qadhafi, which appeared to be an unlikely candidate for longevity in the years immediately after the overthrow of the monarchy in 1969, lasted to celebrate its tenth anniversary and to draw the attention of those who considered this a feat meriting explanation. Qadhafi himself did not shrink from worldwide attention, proclaiming his to be an international revolution, distributing his reflections in *The Green Book* to anyone who wished to have them, and using his country's oil wealth, his own increasing command of English, handsome visage, and political ambitions to project himself and his country on to the world stage. Always theatrical, sometimes menacing, he became a favoured subject of the international media—a sort of non-fictional celebrity—and he often appeared in television films and novels, such as Larry Collins and Dominique LaPierre's *The Fifth Horseman*, as a modern-day incarnation of greed and tyranny. While this mythologising of the Libyan leader did little for international understanding, it did create that publisher's (and author's) dream: a market.

There is clearly much to be explained about modern-day Libya, and the task is made all the more important by the scholarly neglect of the country in the past, and the ease with which myths have been made to fill vacuums in our knowledge of the country. The debunking of myths about Libya has thus required thorough-going research efforts, efforts for which scholars willing to undertake primary research in the field, in archives, government offices and statistics bureaux are particularly well-equipped. Until we know fairly precisely what has happened and is happening in Libya, interpretation is idle speculation at best, and ideological nonsense at worst. For Libya, this observation is perhaps best illustrated by the ideology of Italian imperialism in Libya between 1911 and 1943. Libya was then considered to be the reincarnation of the Roman Empire; the archeological sites on which the Italians spent vast sums to demonstrate their prior claim to the country still dot the Libyan countryside. The Libyans themselves—the natives—had no history worthy of the name; participation perhaps in an Ottoman Empire in decline, but no indigenous history. The society, so it was said, had been a stagnant backwater, a timeless, unchanging place, which the Italian invasion brought into world history, that of the West.

Soon after Qadhafi came to power in Libya, this particular myth was to begin to vanish. An educated generation of Libyans came of age, prepared to undertake advanced study in history, economics, and political science. Not a few of these students



went to the United States and Europe for doctoral training. By the mid-1970s, a country which claimed no more than fourteen college graduates at independence in 1951 had that many PhDs in history and politics alone, many of them products of American universities. As they returned to Libya, they invigorated the Libyan university, and research centres like the Arab Development Institute in Tripoli, with their commitment to historical and social research. In 1978 the Centre for Libyan Studies opened, as the country's—indeed the world's—premier research centre on Libyan social and political history. Equipped with the most advanced technology for microfilming books and documents, taping interviews, and otherwise collecting data, the Centre also benefited from the advice of world authorities on oral history and archival research. Few American or European research centres could boast of such lavish facilities, and the Libyan research staff set out to justify their opulent surroundings.

The Government's support of the Centre was no secret—all teaching and research funds in Libya come from the 'public sector'. The Arabic version of the Centre's name—'The Centre for the Study of the Libyan Jihad (holy struggle)', later qualified with the term, 'against the Italians'—gave further guidance to the researchers about what they were expected to produce. The study of Libyan history in Libya today is intended to provide a description of one of the major building blocks of Libya's national identity: the struggle against imperialism—Italian primarily, but Western in general.

The political uses of scholarship—in international affairs as well as domestic 'national-building'—pose a number of dilemmas for scholars and researchers. Any interpretation of history and current events inevitably bears on the maintenance or dismantling of the myths which undergird the perspectives and policies of political leaders. Scholarship here is at its most politicised. Those who write about Libyan history, society, and politics do so at their peril, for they will be unable to satisfy the international—and Libyan—market for myths of good and evil and the demands of scholarly rigour simultaneously.

The absence of a consensus does, however, have one striking advantage for scholarship. There is no widely recognised received wisdom about Libyan history and politics and yet each interpretation is of immediate significance. This permits scholars to explore the various perspectives and it requires that they carefully and meticulously justify the interpretation they find most satisfying. There is both an intellectual freedom and a demand for rigour in research and interpretation often absent in regions and subjects which are better 'understood'. For the scholar, particularly the Libyan scholar, there can be no idle speculation, but the dangers of historical interpretation may be compensated by the intellectual excitement of an endeavour liberated from the constraints of conventional wisdom yet demanding the rigour of scholarly discipline.

There are now a good number of Libyan scholars and intellectuals who have taken advantage of the facilities of the Libyan Studies Centre and other government support to undertake serious research. Little of this work is published—in Libya or elsewhere. The frequency and unpredictability of the changes in the political winds in Libya, the sensitivity of the regimes—past, present, and presumably future—to the political implications of historical interpretation discourage scholars from committing themselves publicly to analyses which are, or may later prove to be, politically suspect. The fruits of this work are, however, beginning to appear in some of the recently available material on Libya, and non-Libyan authors are beginning to publish work which reflects a new dedication to high standards of scholarship.

Among those who do not take advantage of the new scholarship on Libya is John K Cooley, whose *Libyan Sandstorm: the complete account of Qaddafi's revolution*, is, of the books under review, the most clearly directed at the popular market created by the mythmaking of Qadhdhafi. Although Cooley is probably the best American journalist regularly to follow Libyan affairs and his reports are often unusually perceptive, here he is not, in fact, describing Qadhdhafi or his country. This book is an elaboration of the American myth about Libya and its leader. From the first paragraph, in which he conjures up Qadhdhafi's parents in their desert tent listening astonished to their son on the radio announcing the overthrow of the monarchy, to the chapters on the CIA, the 'Islamic bomb' and what Cooley calls 'Terror, Inc.', the book recapitulates American hopes and fears. International intrigue has a disproportionately large place in this treatment, and the domestic constituencies of, and constraints upon, the government are lost in the romance of what the dust jacket describes as Qadhdhafi's 'buying weapons, training terrorists, bankrolling ex-CIA agents, plotting assassinations of world leaders, calling for destruction of Israel, prowling for nuclear technology . . .' Intriguing as these aspects of the Libyan regime's policies may be, they do not constitute a complete account of the revolution.

A more judicious treatment is offered by another journalist, John Wright, whose *Libya: a modern history* is the best single account of the Qadhdhafi regime. Wright, a writer for the BBC, has been following Libyan affairs for several decades and this is his second book on the country; the first was published only months before Qadhdhafi came to power. This new book is as unglamorous as its title, and although many Libyans would not disagree with its interpretation of the early twentieth century history, it is a modest and faithful record of the ambitions, failures, and achievements of Qadhdhafi's revolution. The only mention of the CIA is in the appropriate place: a failed coup attempt against Qadhdhafi in 1970 which, depending upon the informant, was either supported or foiled by the Americans. Given more deserved emphasis is the impact of Qadhdhafi's policies on ordinary Libyans—better fed, housed, and educated than ever before, and more restricted, repressed, and manipulated than at any time since the Italian era.

Wright eschews analytical schemes and, although he occasionally points to historical precedents in Qadhdhafi's outlook, the book is essentially descriptive. With chapters on 'Defence and Foreign Policy', and 'Economy and Society', he is not attempting to break new ground in interpreting or explaining the Libyan revolution. This is too bad, since Libya is an empirical case which begs for explicit analysis. Dispassion, at which Wright excels, is not a complete substitute for perspective.

Nonetheless, the absence of an explicit perspective may be preferable to an ill-fitting one. El-Fathaly and Palmer's *Political Development and Social Change in Libya* contains one of the very few insider's accounts of the purposes and policy-making process of the Qadhdhafi regime; El-Fathaly, a Libyan with an American PhD in political science, worked for several years in the mid-1970s in policy and planning in Libya. The book reflects this experience in its many unattributed assessments of the regime and its leadership, and the text-between-the-lines, as it were, is a very valuable document on the regime's inner workings. The explicit analytical framework—a simple version of the political modernisation literature of the 1950s and 1960s, is, however, completely foreign to the case at hand. Here is Qadhdhafi as a 'modernising elite' dragging a 'traditional society . . . characterised by fatalism . . . intense religiosity, low

empathy, high levels of interpersonal and intergroup distrust; by parochialism, atomism' and so forth, into the modern world. This Libya has no history before 1951, and Qadhdhafi no purpose but modernisation. Naturally, the authors criticise him for having failed to meet their developmental goals, goals he would never recognise as his own. Modernisation—in any sense familiar to the Western originators of the term—may be a side-effect of what Qadhdhafi is doing in Libya, but it is purely inadvertent. Qadhdhafi's vision of the 'new Libyan' is not 'modern', it is utopian.

In *Libya: the experience of oil*, J A Allan recognises the distinction between his own values and those of the regime, and he holds Qadhdhafi to the standards he sets for himself. To Allan, as to most observers, it is clear that the utopian society described in Qadhdhafi's *Green Book*—his philosophy of the revolution—is not appearing. Popular participation in authoritative decisionmaking (Qadhdhafi claims there is no government) is largely unrealised, and equalitarian distributive policies have not changed Libya's fundamental dependency on a single nonrenewable export and the international industrial market for it.

Allan's emphasis on the importance of oil in transforming Libya from one of the world's poorest countries to one of its richest in the span of two decades provides him with an important check on Qadhdhafi's claims. He argues that although the organisation of economic production changed markedly after 1969, as the public sector grew and the private sector disappeared, since the oil revenues entered the economy 'after 1961, there has been no significant change in the rate of economic and social development. . . . Even wealth distribution was not significantly affected by the revolution'. This is a striking and important conclusion, and Allan's use of government statistics (admittedly somewhat suspect) from before and after the coup of 1969 is sophisticated and persuasive.

Critical examination of the regime's statistical performance, like the argument that Qadhdhafi is failing to modernise Libya, represents an effort to deflate his pretensions. However well-deserved, this effort, while it may tell us what is not happening in Libya, tells us little of what is. To simultaneously debunk the myths about Libya and establish a positive notion of what is happening there may require the insights of a number of scholars.

To this end a conference was organised in London in July 1981, and its papers have been published in two volumes: Joffe and McLachlan's *Social and Economic Development of Libya*, and Allan's *Libya Since Independence*. Like most such volumes, these are uneven, but they have two significant values: a diversity of perspectives, most of which represent serious efforts to understand parts but not the whole of Libya; and an attention to history almost wholly lacking in most treatments of the Qadhdhafi era in Libya.

The value of a partial but specific approach can be demonstrated by several examples. In *Libya Since Independence*, Emrys Peters offers a critique of the very influential *The Sanusi of Cyrenaica* by E E Evans-Pritchard. Since its publication in 1948, this book has been regarded as a classic in British anthropology and as the single most important source of information on the religious brotherhood which produced the King of independent Libya. Peters convincingly demonstrates that Evans-Pritchard's basic premise—that the tribal structure of eastern Libya was stable, unchanging, homogeneous, and segmentary—is simply wrong; this alone is worth the price of the book. There is also a sophisticated discussion of the imposition of the Libyan borders during the

twentieth century by Martine Muller, a collection of illuminating pieces on agricultural development and industrialisation, and several other similarly specific and similarly useful articles.

The historical revisionism implied by Peters' re-reading of *The Sanusi of Cyrenaica* is, of course, part of a more general movement. Far from having been a stable, unchanging, traditional society in 1951, Libya had been ruled by the Ottoman Empire before and after the Young Turk Revolution of 1908, by liberal and fascist Italy, and by a British and French Military Administration in the space of half a century. The Libyans had mounted a resistance to European rule unmatched in the Arab world during the twentieth century until the Algerian revolution, and in doing so lost—through combat, famine, and emigration—perhaps as much as half their population, including much of the educated elite. This tumultuous recent history, the focus of the activities of the Libyan Studies Centre, has drawn the attention as well of both Libyan and Western scholars in recent years. Some of the early results of this new work are displayed in *Social and Economic Development of Libya*, along with several articles on social change since independence. From C R Pennell's resourceful use of the Ottoman archives in Tripoli in a discussion of indigenous definitions of political loyalty in the nineteenth century to Harvey Goldberg's equally resourceful research among Libyan Jews in Israel in a description of the life of the tailors in Tripoli during the Italian period, the articles here begin to suggest the outlines of a complex, variegated, and by no means stagnant society.

The notion that Cyrenaica is—or ever was—home to a simple segmented society is taken up in Roy H Behnke, Jr's *The Herders of Cyrenaica: ecology, economy, and kinship among the Bedouin of Eastern Libya*. Arguing, with Peters, that Evans-Pritchard's characterisation of Cyrenaican social structure reified reality, Behnke demonstrates that segmentation must be understood in the context of ecological differentiation and an implicit division of labour. As he puts it, 'Lineages are not miniature sections; sections are not merely large lineages. The organisation of lineages reflects the fact that the natural ecology of the south slope (of the Jabal al-Akhdar) divides the total Bedouin population into distinct productive sectors'. Among the advantages of Behnke's approach is his ability to explain differing patterns of settlement among the Bedouin under the impact of the oil economy. Although non-anthropologists may find his discussion of kinship terminology somewhat specialised, the fact that he did his field work in the 1970s and can therefore integrate the anthropologist's concerns with social structure, and the rapid change precipitated by oil wealth and the revolutionary government's policies, make this a useful study for Libya scholars of any discipline.

Marius Deeb and Mary Jane Deeb also conducted the research displayed in *Libya Since the Revolution: aspects of social and political development* during the mid-1970s, when they were associated with the Arab Development Institute in Tripoli. A collection of six self-contained essays, this is not a complete treatment of Qadhdhafi's Libya, but it does include some useful discussions of educational development, the position of women, and the social structural implications of Qadhdhafi's political theory and policies. This latter essay, in which the authors argue that oil wealth 'permits al-Qadhdhafi to indulge in (his) vision of a precapitalist socialist society', is particularly provocative, and when the authors rely on official statistics—as in their discussions of urban growth and education—they do so with intelligence. The essays on Islam and on

Libya's Arab policy would have profited from greater cross-fertilisation; the reader is left to wonder how Qadhdhafi's changing vision of Islam has influenced his Arab nationalism or, for that matter, his domestic social policies. There is nonetheless a great deal of useful information to be gleaned here.

There are several Libyan contributors to the volumes edited by Allan and by Joffe and MacLachlan, and the Libyan contribution to the works of Behnke and Deeb and Deeb is appropriately acknowledged. The most extraordinary work being done by Libyans, however, remains largely inaccessible to Western readers. Some of it is published in Arabic in Libya, as a matter of public policy and national pride. Many Libyan scholars are reluctant to publish the result of their work at all, however, and some of the best work must be sought in unconventional forums. It is for these reasons that it is worth noting several unpublished dissertations (available from University Microfilms International in Ann Arbor, Michigan, or its London office) completed in United States universities by Libyans on Libyan history.

Abdulmola El-Horeir's work on the social organisation and political role of the Sanusiyyah in the nineteenth century draws on oral history and folklore never before used in a study of Libyan history, and rarely used in histories of any sort; Aghil Barbar's work on the Tripoli Republic is the first study of Libya to draw on both Turkish and Libyan archival sources. Fituri's study of trade between Libya and the Saharan lands in the late nineteenth century draws on the Libyan Archives as well as upon the private archives of trading families. These studies mark a genuine breakthrough in our knowledge and understanding of the Libyan past, and by extension the past of the entire Mediterranean and Saharan regions. They are essential to an informed assessment of Libya's history, politics and place in the contemporary world.

El-Horeir and Barbar both teach history at the University of Libya and they are both associated with research projects sponsored by the Libyan Studies Centre; Fituri has been the Director of the Libyan Archives. Their work, and that of their colleagues, reflects quite divergent perspectives on Libyan history, and by implication on Libya today. What they all share, however, is the conviction that Libya has a coherent historical identity and a recoverable history. The political uses to which that historical record may be put are still unsettled; the civics lessons being distilled from the research now being done may well change. What should remain, however, is the record itself. That record will outlast the fashions of academic publishing, and the efforts at myth-making—both international and domestic—which surround the contemporary scene.

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**Land to the Tiller: the political economy of agrarian reforms in South Asia**

Ronald J Herring

London: Yale University Press. 1983. 314pp. £25.00

**Sharecropping and Sharecroppers**

Edited by Terry Byres

London: Frank Cass. 1983. 283pp. £22.50

Ron Herring's book is essentially about how ideology determines and perpetuates the material and social structure of a society. In predominantly rural societies this interaction is best discussed in terms of attempts at redistributing rights in land. The author does this and the result is a comprehensive, richly-documented and highly literate account of land reform in South Asia.

Frequently, the first legislative act of new regimes (conservative and radical) in South Asia is to initiate land reform. This underlines the significance of the reform in the policy logic of regimes and yet the implementation record is very poor. This raises important questions regarding the relationship between rulers and the ruled, economic and political compulsions to legislate reform, and the quality of the administrative machinery through which it is to be implemented. The author tackles these complex issues with remarkable clarity by presenting a typology of land reform and the limitations on successful implementation imposed on each type by the nature of political regime. This enables a very useful comparison of reform objectives and implementation success under Pakistan's martial law regime, Sri Lanka's elected liberal government and Kerala's communist-dominated legislature. Thus, on equity criteria objectives of land reform were the least ambitious in Pakistan, the justification for a ceiling on land holdings being primarily on technical grounds of efficiency. Even these limited objectives were not met because of poor administrative machinery and lack of will on the part of the state. In Sri Lanka, the land ceiling was considerably lower, reflecting the poor man-land ratio there, but a judiciary interpreting very conservatively the notion of justice and ownership rights combined with parliamentary opposition managed to water down the impact of the reform. Nationalisation of tea estates owned by multinationals was comparatively successful. Kerala presents yet another paradigm. There a popularly-elected Marxist coalition (albeit with a narrow majority) aimed to reform the landholding pattern drastically but was, in fact, only able to implement a considerably milder version due both to a conservative judiciary and a less than enthusiastic central government in Delhi. Carefully presented evidence and a detailed evaluation of the quality of political debate surrounding the issues appears to refute the argument that concentration of power is essential (as in Pakistan) successfully to implement land reform. Popularly-elected governments, on the other hand, achieve much more by making all parties likely to be affected by the reform aware of what is at stake. This initiates a process whereby successive changes in government result in increasingly egalitarian reforms. A striking finding is that throughout the region the most disadvantaged in the rural areas (such as sharecroppers, very small owner cultivators and landless labourers) may, in fact, have become worse off as a result of land reform because of their inability to act as an organised group to press for their rights in land.

Given failure in implementation, what compels regimes in South Asia to initiate land reform? The author argues that the compulsions are political as well as economic. In Pakistan, for instance, the argument is that in order to complete the bourgeois revolution it is vital to eradicate feudalism which is perpetuated by the existing inequalitarian pattern of land holding. There are also specific regime interests of continuity that land reform helps to ensure as a symbol of the equity it promises (without actually bringing it about), as a resource for tactical politics 'rewarding supporters and punishing opponents' and for meeting the threat of rural unrest through pre-emption and by co-opting important sections of the rural society. The economic logic of land reform is presented in a remarkably lucid discussion of thorny issues such as the

relationship between farm-size and productivity, the inefficiency of share tenancy and the role of the reform in the overall development strategy. The conclusion is that significant economic advantages of the reform lie in dynamic considerations. This is what makes the efficiency argument in the reform so controversial. The radicals attach great weight to future benefits while the conservatives, being highly averse to risks associated with change, attach more weight to costs of disruption. The weights of course, are subjective. Hard empirical evidence allows only static comparisons of efficiency on small and large farms and on sharecropped and owner-cultivator holdings and that is inconclusive.

The book concludes with an excellent discussion of the equity argument for land reform. The argument is based on the Rawlsian theory of justice which is close to the popular concept, 'do as you would be done by'. Thus, in a society only those institutions are just which individuals would have agreed upon without knowing what position they would ultimately occupy in the system. This principle implies that any redistribution of resources which benefits the least advantaged in the society is desirable. This then is the moral basis of the reform. As a subscriber to this morality, the author provides a rigorous and a highly readable evaluation of land reform in South Asia.

*Sharecropping and Sharecroppers* edited by Terry Byres focuses on one of the class of tillers identified in the previously reviewed book. The emphasis in this book is not so much on reform of the institution of sharecropping as on the economic and political consequences of its existence and its demise with the spread of capitalism. The thirteen studies in the volume comprise a broad ranging and comprehensive analysis of the institution.

The volume begins with an illuminating account by Terry Byres of the historical origins of sharecropping presenting evidence that it existed in Ancient Greece, China and India, developed and spread in the Roman Empire, acquiring in France its classic status which became the basis of 19th century theoretical constructs of Alfred Marshall. The second set of readings provides the theoretical perspectives on sharecropping. Several issues are covered such as the Marxist view of sharecropping as an instrument for extracting surplus labour (Pearce), as an institution for avoiding supervision costs of cultivation (Bhaduri), why rents arise (Patnaik), and the plausible assumptions under which sharecropping can be shown to be more efficient compared to direct cultivation with hired labour (Martinez-Alier, Maria-Coballero). The theoretical approaches are refreshing in that they explain the attractiveness of sharecropping in terms of arguments other than risk on which so much of the recent literature in the neo-classical tradition focuses.

The historical flavour of the volume continues in the third part of the book which contains 'Concrete analysis of sharecropping' based on seven country studies. It is argued that the institution retarded technological change in the *post bellum* southern United States (Mandle), but not so in Italy where it persisted in technologically changing environment (Gill). In South Africa it is seen as instrumental in the spread of capitalism (Keegan). In Turkey historically its popularity oscillated with the world economy, but in recent times mechanisation has made it unattractive (Keydar). In Brazil the institution failed because plantation owners did not fully understand the contractual details (Stokke and Hall). Here, perhaps, arguments grounded in uncertainty and risk may have provided a better explanation. Contemporary accounts of sharecropping are presented for Bengal (Cooper) and Malaysia (Halim). It is argued in the former that

complicated contracts create a powerful relationship of dependency between the landowner and the tenant so that purely legalistic measures for the protection of sharecroppers are likely to be of limited value. In the context of Malaysia it is argued that sharecropping is alive and well because the local capitalist sector is weak but it may disappear with technological change.

What is striking about the third part of the book is that it contains no study which attempts to test some of the hypotheses suggested by studies in the preceding theoretical section. I think the inclusion of such empirical studies would have enhanced the usefulness of the volume. Nevertheless *Sharecropping and Sharecroppers* is essential reading for anybody concerned with the rural economy in Third World countries.

HAZ NABI

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### Talking about Development

Edited by Altaf Gauhar

London: Third World Foundation for Social and Economic Studies. 1983. 325pp.  
£4.95pb

A sceptic, not even a cynic, might regard a book of conversations about development with this title as a shade ironical. For has there not been too much talk and too little achievement, many might say, too much macro-rhetoric and rather slight and insubstantial results from more than a decade of North-South negotiations and dealings? Even if this is true it does not, however, destroy the need for frank and hard-headed analysis of what has happened and why, as well as for imaginative, practically-minded thought about what could be given purposefulness and sufficient commitment. Hence this attractive-looking little book, which consists of sixteen interviews conducted by Altaf Gauhar with various luminaries here described as 'internationally renowned politicians, economists (clearly a tribe apart!) and others involved in the North-South Dialogue'.

Each interviewee was invited to ruminate on 'the possibilities for structural change in the world economic and political order'. The interviews were conducted between April 1978 and July 1981, and initially printed in the *Third World Quarterly*. This was a period, says the editor in his introduction, 'which mirrors an emerging consciousness in the minds of negotiators of the scale of change envisioned (*sic*) in what was initiated as the North South dialogue' (p i). The sixteen luminaries are: Willy Brandt, Shridath S Ramphal, Gamani Corea, Lee Kuan Yew, Raúl Prebisch, Michael Manley, Ralf Dahrendorf, Milos Minic, Jan Pronk, Rene G Ortiz, Rudiger von Wechmar, Indira Gandhi, Olof Palme, Julius K Nyerere, Robert Mugabe and Kurt Waldheim.

Editorial clues are provided to convey some biographical information (sometimes too discreetly) and a sense of context. Throughout, Altaf Gauhar is an unobtrusive guiding presence, gently steering the conversation, preventing it from becoming too bland, and acting as a smooth, socratic symposiast rather than as a demon catechiser.

The length and illumination provided in these interviews vary considerably. Doubtless different reviewers would provide very different appraisals. I confirmed my previous impressions that the undoubted skills of Indira Gandhi, Kurt Waldheim and



Willy Brandt are not reflective. For me, Ramphal, Corea and Prebisch were the best. Dahrendorf and Lee Kuan Yew were, as usual, crisp and assuredly opinionated. It is advisable to read the whole carefully, however, before drawing up one's balance sheet, for the index is brief and, for the most part, consists of names and institutions rather than of main themes.

PETER LYON

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### **Time and the Highland Maya**

Barbara Tedlock

Albuquerque, New Mexico: University of New Mexico Press. 1982. 254 pp. \$27.50

This book is a fascinating study of ritual and cosmology among the contemporary Quiche Indians of highland Guatemala. Most specifically, the author focuses on ritual divination in Momostenango, a community long famous for the large number and great expertise of its ritual diviners. More broadly, Tedlock addresses the general problem of how the practitioners of a non-literate tradition process information and formulate decisions over time. The book is based on the author's 17 months of fieldwork in Guatemala during 1975-6 and 1979. This included a formal apprenticeship to a noted Momestecan diviner. It is in large measure from the perspective of this apprenticeship that the book makes its most powerful and unique contribution to Mayan ethnography and anthropological theory.

The book's title derives from the importance of time in Quichean ritual divination. Diviners are 'daykeepers', and they are intimately concerned with the passage of time and with the significance for the clients' welfare of specific segments of time as measured by the varying permutations of 20 named days and 13 numbers within an indigenous calendrical system deeply rooted in the preColumbian past. Diviners exist within a well-defined ritual hierarchy that closely parallels a civic-religious hierarchy whose structure has been shaped by the preColumbian and colonial past, as well as by the modern nation-state. Specific levels of diviners are associated with specific shrines in specific localities. The character and placement of these ritual places, and of the daykeepers themselves, in turn symbolically reflect the hierarchical cosmological ordering of the Quichean world. The details of these geographic and sociological relationships are of particular interest for readers with interests in the spatial dimensions of social organisation.

One of the principal messages of this book is that Quichean ritual divination is not to be understood, as some earlier scholars have argued, as the end product of over four centuries of cultural deterioration since the end of a 'pristine' preColumbian era. Tedlock is eloquent and convincing in her insistence that ritual divination is the product of a dynamic process whereby specific content at any given moment in time is as much the result of the complex interplay between competing and complementary socio-political and ideological forces within the living community as it is of symbols laden with immutable meaning inherited from the past. By implication, so must the preColumbian world itself be understood—and she offers a general strategy for interpretation in this

light of ancient Mayan iconography. Such a strategy may not go unchallenged, but it certainly should not be ignored.

JEFFREY PARSONS

*University of Michigan, Ann Arbor*

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**Financing Development in Latin America**

Edited by J C Garcia-Zamor and S E Sutin

Eastbourne, England: Holt Saunders. 1980. 354pp. £16.00

**Problems of Economic Growth in Latin America**

Béla Kádár

London: Hurst. 1980. 267pp. £11.50

*Financing Development in Latin America* is a very useful book, particularly at a time when the foreign debt of most Latin American countries is a question of worldwide interest and concern. Part 1, on country risk evaluation by the lending commercial banks—and part 3, which focuses on the factors that determine lending by the banks, contain some interesting contributions. They are mostly written by 'policymakers', i.e. by people actively involved in the lending activities which they describe. The result is a series of well-informed articles which often make fascinating reading on all (including political) aspects of commercial lending. Part 2 takes a slightly different approach and examines some of the problems involved in the way capital flows have developed in Latin America. What seems to be common to most countries of the area is that credit facilities are insufficient for small and medium size firms. This tends to penalise domestic firms, while large firms—which are frequently foreign-owned—are in an increasingly advantageous position in terms of credit facilities available to them, both locally and internationally. Here again, the information offered by the book is excellent, and the case study of Brazil well analysed.

There are, of course, some criticisms that one could make. As is always the case in a reader, some contributions are inevitably better than others. It would also have been useful to examine a larger number of the money markets which were set up in several countries in the 1970s, and to analyse the causes of their failure. On the international lenders' side, one of the key questions which the book leaves unanswered is that of the reasons which have decided so many commercial banks to break a basic rule of international commercial lending and to become overexposed *vis-à-vis* countries like Mexico and Brazil.

But—as it is—this book will be useful; not only for those who study contemporary Latin American economic development, but also for those interested in development and in international relations in general. The problems of development have changed in the 1970s, and the role of international commercial lending has acquired a paramount importance which it did not have in the 1950s and 1960s. By giving us some highly relevant insights in the mechanisms of those financial flows, this book makes a very welcome contribution to the literature on development.

There are two main problems with Béla Kádár's book. Firstly, it is often difficult to read, not so much because of the complexity of the argument, but because it is poorly

translated. Secondly—and this is particularly true for the first two chapters—the scope is too broad, the argument too general, and the statements too often unsubstantiated. Chapter 1 is sketchy and vague: the idea of a 'weak state' in Latin America is constantly repeated and never analysed. In Chapter 2, the author favours all along the use of the words 'ambiguous/unambiguous' to qualify several processes without ever telling us what it is that makes those processes ambiguous or unambiguous. Although his emphasis on income distribution is right, he tells us that there was no capital accumulation in the nineteenth century 'due to the peculiarities of the former colonial pattern'. What those peculiarities were and in what way they affected domestic capital accumulation is left to the reader's imagination. Things improve a little afterwards with some useful pages on the financing of development and on Latin American attitudes towards foreign capital. It is interesting to note that a standard interpretation of 'dependency theory' (itself based on Lenin's thesis of financial imperialism) attributing a large part of the under-development of Latin America to the foreign-imperialist-capital flows which supposedly prevented more autonomous forms of development, is rejected here: the problem was not that too much foreign capital came in, but not enough.

The individual chapters on Peru, Argentina, Brazil, Colombia and Mexico are better, but they also suffer from the general problems outlined earlier and they contain some puzzling statements; we learn, for instance, that in Brazil, under Kubitschek, 'the role of foreign capital has been rather restricted'!

Altogether, a book with some valuable insights, but many pitfalls.

CHRISTIAN ANGLADE

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### **Capitalist Control and Workers' Struggle in the Brazilian Auto Industry**

John Humphrey

Princeton, New Jersey: Princeton University Press. 1982. 258pp. £16.80

### **Manufacturing in the Backyard: case studies on accumulation and employment in small scale Brazilian Industry**

Hubert Schmitz

London: Frances Pinter. 1982. 232pp. £12.95

These two studies focus on opposite extremes of Brazilian manufacturing industry. John Humphrey's book analyses some of the largest plants in Brazil, owned by major transnational corporations. Hubert Schmitz on the other hand, as the title of his book suggests, is concerned with small scale-enterprises which literally often operate out of the owner's own backyard. The cases which he studies are the knitting and clothing industry of Petropolis, the hammock industry of Fortaleza, and the weaving industry of Americana.

Despite the very different nature of the firms which are the subject of these two books, the studies have, perhaps surprisingly, a great deal in common. They both attack, with a great wealth of empirical ammunition, a view that is enshrined in much of the literature on development. Crudely put, this is that the industrial sector of Third World

countries is characterised by a dualistic structure. On the one hand there are the large, often foreign-owned, firms of the modern sector, employing a well-paid skilled labour force constituting a privileged minority of the working class. On the other, small-scale firms which constitute part of the informal sector, a residual category which employs unskilled workers who are unable to get jobs in the formal sector because of their lack of skill and the limited employment created in capital-intensive large-scale industry.

Humphrey criticises the conventional view of segmented labour markets which sees Brazilian car workers as a labour aristocracy. He shows that the labour force in these plants is predominantly unskilled, and that the relatively high wages which they enjoy is not a reflection of a privileged, stable situation, but rather part of a deliberate management strategy which also involves high rates of turnover of labour and job insecurity and high intensity of work. On the basis of his detailed analysis of wages, working conditions, employment policies and industrial relations he is able to explain why, in the late 1970s and early 1980s, the metal workers of São Bernardo do Campo came to play the part of a vanguard in the struggles of the Brazilian working class.

*Manufacturing in the Backyard* destroys the other half of the myth with its meticulous case studies of small-scale industry. Far from being an outlet for those unable to obtain jobs in the formal sector, the firms studied often turned out to have been set up by workers who had previously been employed in the formal sector. What is more these workers were often skilled, not unskilled, and the view that modern industry requires skilled labour while small-scale production relies on unskilled workers is shown to be the reverse of reality. Nor is it true that these enterprises contain the poorest groups in society (although it is pointed out that a distinction should be made between owners and employees in this respect). The owner and his family can earn as much (and probably more if constraints such as child care are taken into account) than if they were in wage employment.

Growth of small-scale firms is limited not by internal factors, such as a lack of entrepreneurship, or technical and organisational skills. On the contrary, the case studies show considerable inventiveness and technical capabilities, while in terms of organisation flexibility is of utmost importance. The major constraints which small firms face are external; for example, problems of access to raw materials and working capital, and the policies pursued by the State.

Not only do the two studies provide a complementary picture of Brazilian industry, but they also operate within similar theoretical and methodological frameworks. Both give considerable importance to the labour process in the different branches which they analyse, while at the same time locating the case studies within the broader context of economic and political developments in Brazil. They are also both prime examples of the value of detailed empirical work focused on a small number of firms within specific industrial branches. Despite the sensitivity of many of the issues investigated (complicated by the illegal status of many small-scale firms and the history of government repression of labour) the authors have produced well-documented analyses of two key sectors of Brazilian industry which provide considerable food for thought.

RHYS JENKINS

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**The Question of Palestine**

Edward W Said

London: Routledge & Kegan Paul. 1980. 265pp. £3.95 pb

This book begins with a discussion concerning the difference between Palestine as a historical reality and as a present political cause, a process toward self-determination for Palestinians who have no state or proper national existence. It covers a large amount of modern and contemporary history of both the Palestinians and Zionism. The data, map, bibliographical notes and chapter notes, index and documents provided by the author will be essential for those wanting to understand the problem of Palestine. The regional disputes and Soviet Union politics are lightly touched upon. The author, Professor Edward Said is a widely-known Palestinian writer, belonging to the elite, liberal intelligentsia. He is a Professor of English at Columbia University and a member of the Palestine National Council.

Let us begin, then, with a few general remarks. The theme running through the book is that the main thing missing from the Palestinian viewpoint was a country which, until the time that Palestine was supplanted by Israel, had been predominantly Arab (Muslim and Christian) in character. The Zionist and Western attitude toward this fact is what the author describes in chapters one and two. He says that between the time that Palestine disappeared and its cause re-emerged as a political factor on the world scene, a great deal of history had to occur, not least within the Palestinian community itself. For those Palestinians who actually lost Palestine—Professor Said adds: 'My parents' generation in terms of our political leaders'—Palestine was Arab Palestine, *Falastin Arabiyah*. Palestinian politics went through phases of development until 1967 that paralleled and were greatly influenced by currents in the Arab world. When the Palestinian resistance movement gathered strength after 1967, it emerged as the first political movement in the Arab world to confront, in an immediate way, the presence of Jews in Palestine.

The book argues that within the framework of possible solutions to the whole regional imbroglio, Palestinian self-determination has come to rest by and large on the need for an independent state on a liberated part of the original territory of Palestine. The principal tenets of Palestinian identity are now built upon the need for the repossession of the land for the realisation of Palestinian statehood. It is very regrettable that Zionism had always denied not only the legitimacy of these needs but also their reality. Palestinian politics during the late 1960s and 1970s seemed to Israelis always to be a function of the frightening number of Palestinians. At the same time, it should be mentioned that in Israeli or Zionist political life, there is no room for the Palestinians, no territory, no political or social space could be cleared for them. Even the West Bank and Gaza—fairly obvious candidates to the rest of the world—seemed a 'security' risk.

In his evaluation of the PLO, Professor Said says that the stunning international success of the PLO and the organisation's continuing success in all parts of the Palestinian community, can be traced to the negative aspects of Israeli policy and the popular Palestinian will coalescing around alternatives to Israeli positions. The PLO consciously undertook to be responsible for all Palestinians—those in exile, those under occupation, those inside Israel; moreover, the PLO is the only possible representative for all the Palestinians. Thus the PLO used its international authority to interpret the

Palestinian reality which had been obscured from the world for almost a century, to the world, more important to Palestinians themselves. When Yasir Arafat came to the United Nations in November 1974, any idea of a purely military solution to the question of Palestine had been given up. Said adds that for the first time in their history, the Palestinians entered more or less consciously the international political arena where the Zionists had preceded them for almost a century. Nevertheless, the Zionist official line continued adamantly: the Palestinians didn't exist, the PLO was a Nazi band, Arafat was a murderer of children. In the meantime, Israel continued its policy of 'thickening' settlements in the West Bank and in Gaza.

The author described the nature of the Palestinians as unexceptional people. They have been unable to interest the West very much in the justice of their cause, they have been known only as refugees or as extremists, or as terrorists. Nevertheless, the Palestinians have gained the support of all the people of the Third World. In Professor Said's view, most of the political movements after 1967, Nasserism, Ba'athism, the Arab nationalist movement, Islamic fundamentalism, as well as almost the whole gamut of left-wing parties, founded dramatically after the June war, most of these movements, in the author's opinion, were just partially in touch with the sociopolitical and cultural realities. He adds that Abdel Nasser was the only leader of his generation to take seriously the idea of Third World anti-imperialism, but even his interest in the left and the Soviet Union came after he had been rebuffed by the West.

In his evaluation of the role of the United States, the author says that the United States committed its enormous power directly before and after signing the Israel-Egypt peace treaty. US policy was deliberately to ignore the Palestinians, to try to whittle down Arab nationalists in the region, to force political movement into a bilateral, step-by-step process between 1974 and 1977. Jimmy Carter was the first president to have spoken seriously, albeit rather abstractly, of the Palestinian people. In his evaluation of the Camp David agreement and of the policy of late President Sadat towards Israel, Said does not think the administration claimed that Sadat's announcement about his trip to Jerusalem on 17 November 1977 came as a complete surprise. It is not true because everything Sadat had been doing for at least seven years prior to late-1977 indicated his complete willingness to make peace with Israel unilaterally. Said does not think that Sadat had been in touch with the Israelis well before November 1977. Nothing sufficed to tempt Palestinians, or King Hussein of Jordan, to be encouraged. With Sadat effectively removed from any serious role outside Egypt (the treaty totally isolated him from the Arab world, a consequence that must surely have been foreseen by Israel and the US) it was the better part of strategy to stand on rejection which, of course, was no policy at all.

The question naturally arises: What new ideas does this book have to offer? In our opinion, Professor Said treated the Palestinian problem honestly when he wrote as follows: 'As far as I am concerned, the Palestinian mission is a mission of peace. I am sure that this is true for the vast majority of our people, the Palestine Liberation Organisation has symbolised both the loneliness of our vision and the wonderful power of our faith in it'.

In conclusion, we should refer to a very important point in this book: 'Two things are certain: the Jews of Israel will remain, the Palestinians will also remain . . . we must not forget that Palestine is saturated with blood and violence, and we must look forward realistically to much turbulence'. However, this book is a very great benefit to those

students of the political problems of the Middle East who are not familiar with the details of the subject, especially those in the West and the United States.

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### **Afghanistan in Crisis**

Edited by K P Misra

London: Croom Helm. 1981. 150pp. £10.95

That India is confronted with a dilemma regarding the Soviet military intervention in Afghanistan is evident in every article in K P Misra's book. He has brought together writings of eight scholars belonging to the School of International Studies of the Jawaharlal Nehru University (New Delhi), and all are concerned with the same problem—to disapprove of the Soviet move and, at the same time, find explanations for it. A tricky situation, indeed, for it is a fellow non-aligned state which has been subjected to territorial violation.

The consensus among the authors, while discussing particular aspects of the Soviet invasion (the background, the mechanics, the US, Chinese, Pakistan and Indian views, etc.) is that the USSR got inadvertently involved in a situation which was not of their making. Internal factionalism, following the Saur revolution, was paving the way for a fundamentalist Islamic government. With a similar government to the south and Khomeini's revolution in Iran, the Soviet Union was left with no choice but to come in a big way to prop up a government sympathetic to itself. They dismiss the West-propagated theories of seeking warm water ports and controlling oilfields of the Gulf as reasons for Soviet military action. Furthermore, they believe that the US and China are interested in keeping the USSR embroiled in a prolonged battle of attrition, and that Pakistan is successfully using this as a pretext to arm itself. The common view about India's attitude is that it should not express hostility towards the Soviet Union as it has had positive experience of that country.

So far so good. One even accepts, though somewhat reluctantly, the attempt to laud the Indian government's handling of the crisis, for it is, after all, a point of view. Bimal Prasad praises India's 'independent line' of not 'condemning' the military intervention, but not supporting it either and the Indian government's success in its endeavour not 'to jeopardise its close friendly ties with the Soviet Union'.

But with Kalim Bahadur's article on 'Pakistan's Policy Towards Afghanistan' one is tempted not to forgive Misra. Was it the hurry to compile a timely book that resulted in overlooking distortions? It is not uncommon for scholars from India and Pakistan to view each others' relations with particular emotional and sceptical biases. The traumatic and tumultuous nature of relations between the two tends towards such views. But Kalim Bahadur appears to have overextended himself. Writing a somewhat polemical essay he starts with a long-drawn diatribe on the Pakhtoonistan issue, a pointless exercise, as he finally admits the issue is dead. Then he goes on to discuss the recent political history of Pakistan where he repeatedly mixes up his facts. For example, he talks of the dissolution of the Hyderabad Tribunal (set up by Bhutto to try National Awami Party for high treason) as a direct result of the Saur Revolution, when, in fact, the Tribunal was dissolved soon after the military coup in Pakistan in July 1977.

Similarly, his contentions about Ghaus Bux Bizenjo's party (PNP) being a powerful Baluch section of NDP, the present state of the Baluch insurgency and PPP's popularity are tantamount to gross distortions. His frustration with Pakistan is expressed, in the end, in his allegation that Pakistan is trying to avoid recognition of India's 'hegemony' in the region and is trying to force India to give up its close friendship with the Soviet Union. Apart from the factual aspects, the biggest failure of the essay is the neglect of two very important issues that emerge as a direct result of the crisis. One, the high influx of Afghan refugees in Pakistan and, two, the large-scale induction of arms into Pakistan (formally and informally). Both are likely to have far-reaching implications and repercussions in the region.

Mention should also be made of the only article critical of Soviet and Indian policies. K P Saksena in a well-documented piece on 'Afghanistan Conflict and the United Nations' very succinctly highlights the weakness of the Soviet justification in the UN; the moral verdict against the Soviet Union (104 countries voted against the Soviet move in the UN General Assembly); the inefficacy of the non-aligned movement as a group (two-thirds of them voted against the Soviet Union); the united position of the Islamic Conference; the Indian failure to take an independent stand on the issue, and India's loss of a leadership role in the NAM.

To sum up, the book though varying in quality, nevertheless provides some insights into the Indian point of view. There is an exhaustive bibliography of selected Indian and foreign newspapers and periodicals (in English) related to the event during the period (April 1978 to June 1980) which is quite valuable.

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### **Saudi Arabia's Development Potential: application and an Islamic growth model**

Robert E Looney

Lexington, Massachusetts: Lexington Books. 1982, 358pp. £25.00

### **Saudi Arabia: energy, development planning, and industrialisation**

Edited by Ragaei El Mallakh and Dorothea H El Mallakh.

Lexington, Massachusetts: Lexington Books. 1982, 204pp

In the post-World War II era, the Kingdom of Saudi Arabia experienced spectacular increases in income generated by its oil resources. This increase in wealth gave birth to profound changes in every sector of the economy. In fact, economic advances have so far outstripped social and political progress that it is hard to find a society more formless and contradictory. The two books under review here concentrate on the country's economic development and leave other issues, with the exception of few pages in the Mallakhs' books, for others to address.

Robert E Looney's book surveys 'the basis and extent of economic development in Saudi Arabia'. The author recognises the difference between growth and viable development, and he succeeds in offering a reasonable introductory overview of the Saudi economic system and its delicate problems. In the process, Looney evaluates Saudi economic development and offers some suggestions. Overall, his evaluation is



rather positive and will please Saudi planners. He forecasts a 'rosy' economic future for the country and concludes that the oil kingdom is 'truly fortunate'. While Looney mentions the fragile nature of the oil-based economy, he seems to understate, as well as to underestimate, the political forces at work that could bring down the royal family and drastically transform the economic foundations of Saudi society. After all, revolution seems to be endemic in the developing countries, and the Islamic revolution in Iran has taught us that oil producers are no exception. Prior to Iran's revolution, one could have argued that in their case, oil would act as a lubricant to prevent political explosion. But today it is evident that oil wealth could in fact add a conflictive dimension to an otherwise stable regime. Indeed, social scientists have long ago concluded that rapid economic growth combined with the absence or weakness of effective political institutions, lead to revolution or at least military take-overs in the developing countries.

The Mallakhs' book, on the other hand, is of uneven quality as are some multi-authored scholarship. Disparities between chapters are rather obvious, but some striking general features are also evident; perhaps, the fact that contributors are a mixture of businessmen, government officials, and academics accounts for the uneven quality of the book. The book is a collection of papers presented at the 1980 area conference of the International Research Center for Energy and Economic Development (ICEED).

The chapters begin with a general overview of the country's economy before moving to the specialised areas of oil, petrochemicals, technology and finance. A very interesting chapter is one written by John Duke Anthony linking social and political variables to economic development. Anthony concludes by emphasising that 'the process of modernising and diversifying the economy . . . has brought vast changes to the position and role of the Kingdom's tribes'.

Both volumes provide a comprehensive overview of economic developments in Saudi Arabia. Both also seem to underestimate the value of historical, political and social implications to economic development. It is rather difficult for this reviewer to comprehend economic planning and progress without first understanding the nature of the Saudi state and the political dynamics at work within it. After all, economic planning is a political process.

JAMAL R NASSAR

*Illinois State University*

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### **Banking on the Poor: the World Bank and world poverty.**

Robert L Ayres

London: MIT Press. 1983. 282pp. £15.75

### **Analysis of Project Finance in Developing Countries**

Charles Harvey

London: Heinemann. 1983. 171pp. £14.50. £5.95pb

The World Bank is under attack from both right and left these days, and Robert Ayres has written a book to defend the institution against its critics from both sides. Siding explicitly with the Bank's 'reformist defenders', he finds both the radical and conserva-

tive critiques to be 'inappropriate' as a criterion for evaluating the Bank's anti-poverty activities.

This professed sympathy with the Bank's aims has apparently secured him access to interviews with Bank personnel and to internal documents which are rarely, if ever, granted to any non-employee by that rather secretive organisation. The result is perhaps the most valuable 'insider's' account of the Bank to appear since Edward Mason and Robert Asher published their monumental 25th anniversary history in 1971. It has the strength and the weakness of an insider's account—the strength consisting in its presentation of a revealing picture of debate and critiques within the institution; the weakness stemming from the author's *a priori* dismissal of outsider's evaluation as ideologically inspired.

This reviewer, as a 'left' critic of the World Bank, is perhaps not qualified to guess how the 'right' critics would react; I suspect they will be unimpressed. Left critics can be justifiably offended at Ayres' caricature of their views. He has hardly studied the critiques of Teresa Hayter, Ernest Feder, Aart Vau de Laar, and Joseph Collins and Frances Lappé carefully if he can write the slanderous accusation that they hope that 'the now-poor would become even poorer; this would contribute to the heightening of contradictions in the existing socioeconomic structure and presumably bring the system tumbling down' (p 227). Had he examined the critiques of these authors seriously he might have been aware of the extent to which the internal critiques within the Bank which he summarises confirm the main points of the radical critique: the congruence of Bank policy with US foreign policy, the importance of the Bank of maintaining good relations with repressive regimes, the insistent nudging of would-be socialist states toward free-market policies, and the step-child status of the anti-poverty approach when conflict arises with more traditional imperatives such as moving large sums of money or recovering costs from people who can't afford to pay.

In summary, Ayres' account has more points in common with the radical critique than he wants to admit. His chapters on the defeat of the 'basic human needs' approach and on urban anti-poverty projects contain valuable new material. And the fundamental disagreement between radicals and reformers—whether or not the world is on balance a better place because of World Bank operations—is perhaps more a matter of faith than of science.

Charles Harvey has written a book on project finance which grew out of his experience with the Bank of Botswana, where he discovered that 'quite a significant number of people knew relatively little about finance in general and loans in particular', and in teaching a course at Williams College on Project Analysis, where he discovered that none of the textbooks on project analysis had much to say about project finance. Rather than adding to the vast literature which is meant to guide governments or aid donors in their choice of projects, he has written a guide for choosing among various sources of finance: World Bank, bilateral aid, Euromarket loans, official export or suppliers credits, etc. The combination of good common sense about matching projects to the appropriate source of finance with exercises for students at the end of each chapter should make this an essential textbook for all Third World officials who are involved in negotiating foreign finance for development projects.

CHERYL PAYER  
New York

**Commodity Exports and Economic Development**

F Gerard Adams and Jere R Behrman

Lexington, Massachussetts: Lexington. 1982. 328pp. £21.00

This book incorporates the findings of a major research project which was funded by the Agency for International Development and undertaken by Wharton Economic Forecasting Associates Inc. Its purpose was to study the relationship between export earnings in international commodity markets, the producing sector in the developing economy, and the performance of the producer-country economy. Not that this is an entirely new field. The subject of commodity exports, instability and fluctuations in export earnings and their effects on the development process of the developing countries has in fact been extensively researched over the last thirty years or more. There is therefore, no dearth of studies on which to draw in terms of material and/or methodology. In this case the authors draw extensively on work which has been done at the University of Pennsylvania on commodity models and economic development.

Part I of their study (Chapters 1 and 2) sets the scene, so to speak. It discusses the nature and importance of the commodity problem and provides an overview of its quantitative dimensions in terms of the extent of fluctuations and secular trends in international commodity markets. This is followed by a discussion of goals and policies and how these are affected by the commodity problem. The section concludes with a brief but competent review of previous studies in the field. These the authors find unsatisfactory or too limited as a basis for effective policy formulation or goal attainment.

Their study strikes out in a completely new direction. It uses an integrated econometric model of overall developing economies, commodity sectors and international commodity markets to explore a number of questions which conventional analysis leaves largely unanswered. The relative strengths and weaknesses of the model as well as its structures and parameters are explained and developed in Part 2. (Chapters 3 to 6.) The potential of this model is illustrated by examining the market for (i) coffee in Brazil, Central America (El Salvador, Guatemala, Honduras, Nicaragua and Costa Rica) and the Ivory Coast, and (ii) Copper in Chile and The Gambia.

Part 3 (Chapters 7 to 10) analyses the impact of specific elements of the commodity problem on the developing countries and their implications for policy responses and goal attainment. In particular, it examines the immediate and lagged effects of price fluctuations including the direct and indirect effects on policy responses, which themselves are categorised as either passive or active policy responses. These in turn are examined from the point of view of national as well as international policies. The extent to which various national and commodity characteristics shape the effectiveness of policy alternatives is also discussed. A similar analysis is conducted in respect of the impact of secular movements in international commodity movements. A full chapter is devoted to micro- and macro-policy responses and alternatives, and the principal findings and conclusions of the study are brought together in the final chapter.

The study itself is empirical and econometric. As such it attempts to put quantitative dimensions to the principal effects of the commodity problem. It is adequately researched and painstakingly presented and the case for an integrated econometric model is well made.

GEORGE C ABBOTT

*University of Glasgow*

**Global Trends in Migration: theory and research on international population movements**

Edited by M M Kritz, C B Keely and S M Tomasi

New York: Center for Migration Studies. 1983. 433pp. £14.95. £9.95pb

**Migrant Workers in Metropolitan Cities**

Edited by John Solomos

Strasbourg: Eurospan Science Foundation. 1982. 247pp. 55FF

During the last two decades the nature of international movements of population has changed quite dramatically. The era of large-scale 'voluntary' migrations of permanent settlers has ended as one country after another has imposed immigration controls. Nevertheless, the numbers of people living and working outside their country of birth at any one time has continued to increase, in some cases at very rapid rates. These people tend increasingly to be refugees, illegal immigrants, and particularly temporary workers. This change in the nature of international movement is important mainly from two points of view: firstly, temporary workers have become an export commodity for many Third World countries, earning and sending home so much as to become in some cases the principal source of foreign earnings. Secondly, the influx of both temporary workers and refugees present special problems for host countries, beyond the problems already posed by earlier permanent immigration.

Both volumes under review treat international movements and governmental responses to them as expressions of broader relationships between competing groups and interests within the world capitalist economy. Both volumes are collections of conference papers, with the result that within each book approaches vary widely with respect to both theoretical orientation and the weight given to description and empirical analysis.

The volume edited by Kritz, Keely and Tomasi is in three parts, starting with six chapters dealing with theoretical issues; these focus mainly on economic aspects of international movement, though with one chapter each on political and sociological perspectives, and with a useful chapter by Robin Pryor which relates theories about international movement to theories developed with respect to internal movement. Part 2 includes six chapters on international movements within six world regions, unfortunately excluding Sub-Saharan Africa and Asia; these chapters are primarily descriptive, only occasionally relating directly to issues identified in Part 1. The final section includes four chapters on the incorporation of migrants within host countries. Here there is a more explicit concern for policy issues, but the perspective varies from Portes' structural analysis of the incorporation of Cubans in the United States to Richmond's use of path-analysis with respect to immigrants' acculturation and success within Canadian cities.

Of the two volumes, this one takes a more international view, with migration 'viewed as one more element in an increasingly complex set of exchanges . . . between countries that possess differential power' (p xiv). This perspective is emphasised in the six 'theory' chapters. For example, Elizabeth Petra suggests that 'a global labour market has been one of the axes on which world development has turned' (p 60). But development for whom? A recurrent theme is that while on the whole the receiving countries and individual migrants benefit substantially from labour migration, the benefits are not

equally shared by the sending-countries. The problem is discussed most fully in theoretical terms by Robert Lucas and W R Böhning; it occurs occasionally within Part 2, particularly in Zafer Ecevit's chapter on the Middle East and North Africa. In Part 3, Rosemarie Rogers reviews policies concerning the return of migrants to their home countries, including some interesting programmes in Yugoslavia and Turkey intended to use returning migrants' savings for investment and job-creation in place of the more usual pattern of expenditure on costly and often imported consumer items.

John Solomos' collection of papers, in the second book under review, deals with processes underlying the concentration and segregation of migrant workers from Third World countries within European metropolitan centres, from Spain to Norway. In common with Kritz, Keely and Tomasi, Solomos stresses the need to analyse migration and migration policy as expressions of power relationships between dominant and sub-dominant groups. In this case, however, the perspective is restricted to processes within the host countries, with little analysis of the causes or implications of movements in the migrants' countries of origin. Again the approach varies, from the strongly theoretical orientation of the editor's introduction to Mike Bristow's insightful narrative account of Britain's response to the Ugandan Asian crisis, and Harmut Esser's statistical analysis testing for the significance of 'length of stay' as a determinant of migrant assimilation. From this reviewer's point of view, a great deal more could have been done to situate these case studies of international movement within a global setting, as Kritz, Keely and Tomasi have done. Nevertheless, this is a very useful collection of analyses of often hypocritical and self-serving European attitudes and policies towards their Third World labourers.

PAUL LIGHTFOOT  
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### **The Theory of International Trade**

Ali M El-Agraa

London: Croom Helm. 1983. 186pp. £16.95

If the wave of a magic wand could expunge some errors and critical misprints, it would enhance the value of this textbook to students who need a diagrammatic exposition of neoclassical trade theory. The book offers a treatment which is self-contained and comprehensive, while being concise. It serves the theory neat when other texts typically mix it in cocktails. Its coverage of economic integration is better than that of most competitors and is less tightly bound by the restrictions of the neoclassical model than earlier parts of the book.

The author himself considers that the pronounced diagrammatic emphasis is one of the features which differentiates his product from numerous other trade texts and there is certainly a great profusion of intricate diagrams in his book. But neoclassical trade theory has been very prone to diagrammatics and there is at least one other textbook in the field that runs this one neck and neck—an average of two diagrams for every three pages.

There are references in the book to some problems of developing countries but they are essentially asides. The author nails his flag to the mast when he affirms (in the

context of customs unions) that there is no theoretical difference which bears on the treatment of the Advanced World and the Third World (p 145). This is a tenable position and in keeping with the universalistic claims often made on behalf of the neoclassical model, but of course it is contentious.

JOHN SPRAOS

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### **Third World Lives of Struggle**

Edited by Hazel Johnson and Henry Bernstein

London: Heinemann Educational (with the Open University). 1982. 271pp. £5.95pb

The book is the Reader for the Open University's new Third World Studies course and contains thirty extracts concentrating on 'the lives of those who are poor and who are subordinated socially, culturally and politically' (p xii). The extracts are arranged in three long sections, struggles on the land, in town, and women's struggles, with a final short section on understanding struggles. The collection is primarily for Open University students but also intended to appeal to anyone, whether adult student or casual reader, interested in Third World Studies. How far does it succeed as an independent volume?

The unusual feature of the book is the type of resource material. Most extracts are not widely known, and quite difficult to obtain from elsewhere. Many extracts are personal accounts from interviews or autobiographical reports. We shift from place to place—India to Ghana to Brazil—and from style to style—Mozambican miners' songs to Jimmy Cliff's 'The Harder They Come' to a Colombian bottle buyer's autobiography edited from tape. Lengths vary, from a few lines to close on 20 pages. Most extracts are very recent, but there are some classics, including Mao Tse-Tung's 'Fourteen Great Achievements of the Peasant Movement in Hunan'.

All this makes for a stimulating volume. The editors deliberately juxtaposed contrasting readings and, on balance, this technique is successful in adding interest to the collection. But those with limited understanding of the political background and recent history in various countries will miss an important dimension. The brief introductions provided by editors are insufficient to fill this gap. The book, therefore, is not ideal for the general reader, though an extremely valuable resource for class use.

One complaint. I suppose the person who decided on small print was anxious to keep the price down. The result is hard on the eyes, and the densely-packed pages look forbidding.

JANET JENKINS

*International Extension College, Cambridge*

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### **Wealth Poverty and Survival**

Edited by John Langmore and David Peetz

London: George Allen and Unwin. 1983. 225pp. \$19.95. \$9.95pb

This book grew out of a 1981 conference of economists organised by persons associated

with the Australian Labour Party. Other than stating that all the papers are of high quality and written mostly by persons to the left of Australia's political centre, it is virtually impossible to make general comments about the book.

Besides an introductory chapter reviewing the chapters, the book is in two parts. The first part deals with North-South issues and its six chapters cover: the New International Economic Order (by Jan Pronk), the economic and social consequences of the arms race, the impact of development policies on women, technical assistance for developing countries, Australia's own 'Third World' (the Aborigines), and 'The North-South Dialogue and a Labour Government' (written by Bill Hayden, then the Leader of the Opposition and now Foreign Minister).

The second part's five chapters examine the interplay between Australian domestic and international economic policies. The papers deal with international implications of the 'resources boom', transnational corporations and technology transfer, Australia's protectionist trade policies and developing countries, transnational corporations and national economic management by governments, and democratic socialism and international economics (by Gough Whitlam, Australian Labour Party Prime Minister 1972-5). The book concludes with a chapter on the statistics of international wealth, poverty, quality of life, and Australian overseas trade.

The book is directed largely at an Australian audience but it should have a readership well outside Australia since all the issues addressed are of concern, in various ways, to all nations. The main disappointment is that the papers are much better at highlighting problems rather than suggesting solutions, and most are quite brief. For example, Ted Wilshire's paper on 'Transnational corporations, protection and planning' begins by telling readers that 'these corporations now dominate the international economic system' and that the corporations 'control liquid assets which are almost twice the total reserves in the hands of national governments'. A movement of one or two per cent on these funds is quite sufficient to produce a first-class international financial crisis. Unfortunately, the author does not give any definite ideas on how to cope with the problems created by the corporations.

Bill Hayden's paper is noteworthy for another reason. As Leader of the Opposition, he was careful not to make any specific commitments since he knew they could later be held against him as a checklist. What it lacked in commitments, it made up for by creating the impression that the next Labour Government would be more sympathetic to Third World interests than the then current one. He is now in a position to try to implement his views.

KEITH D SUTER

*University of Sydney*

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### **Politics and Process in the Specialized Agencies of the United Nations**

Houshang Ameri

Aldershot, England: Gower. 1982. 284pp. £18.50

The book is divided into three parts. The first part provides a general view of the specialised agencies of the United Nations, especially in terms of their nature, institutional structure, classification and affiliation, and the problem of coordination

between the various agencies. The second part deals with some attitudes of developing countries, the United States and the Soviet Union towards the United Nations and its specialised agencies. The third part consists of case studies of two specialised agencies: the International Labour Organisation and the International Monetary Fund.

The analysis of the situation is especially good for the pre-1975 period. Very few of the references cited are concerned with the post-1975 period. Some organisations such as the UN Centre for Human Settlements which is also an executing agency for UNDP (discussed on p 78) are not mentioned in the book.

On the question of coordination within the UN system, which constitutes a major chapter within the book, our own research<sup>1</sup> indicates that coordination within the UN is unlikely to be effective until individual countries can coordinate their own policies with respect to the various UN agencies internally. For example, typically, in a country Ministry of Health officials attend meetings of the governing body of WHO, Ministry of Agriculture for FAO, Ministry of Education for FAO, Ministry of Labour for ILO, Ministry of Finance for IMF and so on. Since the activities of these ministries are rarely coordinated at the national level, the instructions given by such representatives at the various governing bodies of the UN specialised agencies often contribute to considerable duplication. Thus, until the various ministries concerned at the national levels can get their acts together, it is highly unlikely that the coordination between the various UN agencies will become significantly more effective than they are at present. Just discussing and passing resolutions on better coordination at various UN fora will not automatically contribute to a more efficient coordination between the various agencies of the UN system.

The politics and process within the specialised agencies of the UN is a vast subject, and it is difficult to review it comprehensively and critically in a single book. Ameri, by being selective, has written a useful book, especially for those who wish to find out how UN specialised agencies have worked in the past.

ASIT K BISWAS

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### **The Economics of Feasible Socialism**

Alec Nove

London: Allen and Unwin. 1983. 144pp. £12.95. £5.95pb

After a century and a half of triumph and advance, socialism around the world appears to be on the defensive, if not in retreat. In the developed countries of the North, on both sides of the Atlantic, the mood of opinion is deeply conservative or radical only in response to right-wing initiatives. In too many developing countries the dominant mood is nationalism of the narrowest sort, and in Eastern Europe and the Soviet Union, where this book begins, a nominally socialist system survives only through a repression which denies the socialism it pretends to uphold. The defensiveness is not just political or electoral. There is a serious creeping doubt that socialism can work and an identification

<sup>1</sup> Asit K. Biswas (ed), 'Water Development and Management: proceedings of the United Nations Water Conference', Oxford: Pergamon, 1978; see the analysis on 'Present and Future Activities of the UN System in Water Resources Development' in Part I.



of socialist parties not just with the idea of bureaucracy but with an impersonal bureaucracy that always fails to deliver.

Professor Nove in this thought-provoking text traces the sense of disillusionment from the failures of the Soviet and Eastern European systems—the prime example available on which to base an assessment of a self-proclaimed socialist economy. The record of Stalinised Marxism is unavoidably bleak. Inefficiency, an inability to use even understand planning, a defensive retreat to centralism, and a rigid top-heavy superstructure are the all-too-obvious results.

Soviet economics are of course no more than a bastard product of Marxism as such but Alec Nove is no Marxist and finds no answers—only the seeds of current failure in the purist and unreal world of nineteenth-century theorising.

The alternative he puts on offer is more pragmatic, and less utopian. It is less a theory than a means of approach, a strategy by which individual countries and communities can move from an unjust and unequal social order to some form of feasible socialism. Nove's view, socialism has been damaged by over-haste, by failure to appreciate the problems of transition, and by a belief that the State, through planning and planners, can identify and resolve all difficulties. His alternative is an attempt to retain within an egalitarian society the principles of choice and individual freedom by harnessing rather than repressing market forces and by fitting institutions, bureaucratic or corporate, to the needs of human beings and not the other way round.

It seems a distant vision, far removed from the realities of 1983, but political writing about vision, and so long as socialism can inspire thinkers and writers as clear as effective as Alec Nove, the cause is not lost.

NICK BUTLER

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### **Multinational Managers and Poverty in the Third World**

Edited by Lee A Tavis

London: University of Notre Dame Press. 1982. 269pp. £14.00

### **Managing Development in the Third World**

Coralie Bryant and Louise G White

Boulder, Colorado: Westview. 1982. 322pp. £19.50. £8.50pb

I give an enthusiastic welcome to the Tavis book. How many of us have entered discussions (or were they arguments?) on the effects of multinationals on development? And have we not found that the exercise was fruitless and simply led to the restatement of firmly-held and dogmatic views? So rarely does a discussion of this kind genuinely seek out the strengths and weaknesses, and rights and wrongs of what is such a emotional issue.

This book records the attempts, through research and seminars, of a group of interested experts to search out the areas of agreement, define differences, and analyse both to reach tentative conclusions to be further tested.

Only those with minds totally closed will fail to benefit from the debate so skilfully edited by Lee Tavis.

Part 1 analyses present trends and attitudes. In Chapter 6 (outstanding), the different sides of the discussion are explored. The areas of disagreement are all summarised: employment (or more accurately unemployment), the issue of technology, the manipulation of demand, and the need for controls and codes of practice. An area of agreement is discovered!—the diffusion of skills.

This part finishes by outlining areas of shared concern. These include the effects that multinationals have on host countries in which they choose to operate; the effects on social class structures and wealth distribution; the effects of capital mobility leading to greater and greater global interdependence; the effects of the multinationals syphoning off their profits from the countries where they are made. On the other hand, the reduction in imports into Less Developed Countries, and the increase in their potential for exporting is agreed to be an advantage.

The second part of the book explores the necessary responsibilities that multinationals and their managers must recognise. They do represent a huge potential for development but they must be aware of the social costs and the need for new management attitudes to be introduced and positively encouraged.

I enjoyed this book but finished it with one question still unanswered. Why was no one from the Third World represented on the panels to participate in the debate? Surely Peter Henriot (one of the most exciting contributors to the book) must have said something on that score? This omission reduces the authority of what is an important and fascinating exercise.

'This book is written as an introductory text for those who will be working on development programmes and projects in this country (US) or abroad'—so reads the preface of *Managing Development in the Third World*. The intended readers, therefore, have no real experience of practical development. They do not know how it is! They presumably have only little perception of the complex and different economic, political and cultural environments in which they might be working. They do not even know for whom they will be working: a voluntary agency, a government agency, a church mission, a Third World government, or even a multinational company.

The question that haunts me about this book is whether all the scholarship and research that plainly has gone into it will not be wasted because of the student's inability correctly to relate the contents to the real world. The book itself so often fails to illustrate the points being made. As an introductory text it should be more generous with examples of where the application of theory has been successful or where it has failed with careful analysis of the reasons why. Where real life does filter through the text, it comes alive. For example, the chapter on managing participation contains a subsection *The Calculus of Participation* in which one paragraph begins: 'Women also undergo common experiences in the development process and so we can ask how they would think through the "calculus of participation"'. We can certainly ask it, but can they answer it! In spite of this horrific beginning, it outlines in simple terms where those involved in development have gone sadly wrong in their attempts to improve the woman's lot. The lack of participation of those involved was well illustrated and for the student well reinforced.

Experienced managers and academics will understand what the authors are trying to do, but I believe that if they were serious about helping inexperienced students to

appreciate that management concepts are appropriate to development, they should have pitched it more accurately at the right level.

DOUGLAS STODDART  
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### **The Military and the Media**

Alan Hooper

Aldershot, England: Gower. 1982. 247pp. £15.00

Relations between the military and the media have remained relatively free from critical or penetrating analyses. This neglect may be due in part to the restricted flow of information within British society of matters relating to both military and media. Hooper's book comes as a welcome addition, therefore, to a neglected and important area of debate. The contribution of the book is limited, however, because it accepts the terms of the relationship between the two sides as given and without question. The hidden agenda of Hooper's work is determined to an extent by his position as a military figure and as such this imposes certain boundaries upon his discussion. Whether access to and examination of the relationship between two such closed institutions can be achieved by other than either military or media personnel raises in itself another whole set of questions. The book addresses the tension between the idealised roles of the media, as agents serving the 'public's right to know', and the military, as 'guardians of the national interest', without extracting the full implications of its proposals. Hooper ties his analysis to a consensual perspective of society which leads him to assert that this tension can be overcome by education and the two sides 'learning more about the other's work'. It never fully confronts the issues it refers to, and the suggestions it makes remain bounded by the confines of responsible and conservative discourse. It assumes that the relationship between the military and the media can be improved to achieve a greater means for commandeering consensus. Hooper does, even so, provide an informative account of public relations work both within the Ministry of Defence and the Armed Services, but again fails to allow for any 'real' conflict of interests that exists. This emerges, for instance, in his discussion of the education and training of the military about the media. He suggests that rather than develop this on an *ad hoc* basis as has been done hitherto, 'a centrally directed progressive educational syllabus coordinated by DPRS' (Defence Public Relations Service) be brought into existence. Yet a curriculum produced on a tri-service basis will have to overcome conflicting and competing interests as well as inter-service rivalries, all of which Hooper refers to but, I feel, without sufficient consideration. Finally, he fails to ask or fully address one of the most important questions of all—how will the education of the military about the media and *vice versa* affect the information the public receives?

GILLIAN PARSONS

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### **Agrarian Policies and Rural Poverty in Africa**

Edited by D Ghai and S Radwan

Geneva, ILO. 1983. 311pp. SF27.50pb

**Essays on the Political Economy of Rural Africa**

R H Bates

Cambridge: Cambridge University Press. 1983. 178pp. £17.50

Here are two useful books on African rural economies, both attempting in their different ways to analyse and bring into some comparative order a widely varying experience. They are somewhat complementary in method since the essays edited by Ghai and Radwan stick fairly closely to the tools of macroeconomic analysis, while Bates' essays seek to demonstrate the applicability of collective-choice modelling to rural development issues, and thus systematically introduce sociopolitical elements into the analysis of economic phenomena, as well as political phenomena such as protest.

Both sets of essays are well presented; facts are quite carefully marshalled, especially in Ghai and Radwan, and on the whole the interpretations offered do justice to the facts. Any errors derive from the breadth of material analysed, the tendency of a comparative study to overgeneralise on the basis of scant evidence, and the lack of depth of knowledge of empirical material, which is evident in certain essays in both volumes.

*Agrarian Policies and Rural Poverty in Africa* is the ILO's successor volume to *Landlessness and Rural Poverty in Asia* (Geneva 1977). The first problem in writing such a book of African case studies is one of data. In general, such economic data as exist are handled in a sensitive and imaginative way. The variation in availability of data, its accuracy and the extent to which it is up to date creates a certain diversity of quality in the papers, some relying rather more on old data and speculation about trends in rural incomes, wealth and inequality. The essays on Ghana and Ivory Coast are the weakest in this respect, while that on Nigeria makes extremely good use of the substantial number of anthropologists' and agricultural economists' village studies which have been done over the years. The essay on Nigeria is able therefore to conclude much more strongly about trends in rural incomes and inequality than some of the other essays. Some of these neglect microdata which could have contributed to a fuller discussion.

What is most useful in these essays, and in the summary introduction, is the way in which the growth of rural inequality is chronicled. Increasing rural inequality is a strong and common feature of several different patterns of economic growth. And the major government agricultural policies have in almost all cases created and reinforced rural differentiation, whether these be land policies, subsidy policies, or input distribution policies. These policies have tended to lead to an overall and, in some cases, ruthless transfer of resources out of rural areas, both in countries which have experienced negative rates of economic growth and in those with positive rates. In all countries large groups of the rural population have failed to derive, in absolute terms, any significant benefits from growth. As Dhali and Radwan state: 'in the absence of active policies to combat poverty, growth *per se* cannot be expected to bring about widespread improvement in living standards' (p 21). On the other hand, they comment: 'it is probably not too late to evolve policies on land use and ownership designed to promote simultaneously growth and widespread improvement in living standards . . . and . . . effective participation of the peasantry in the process of development' (p 27). It is only a pity that countries which have actively pursued such policies in Africa at one time or another are paid scant attention in the book, Mozambique being the only case presented.

For readers of this journal, it is Chapter 5 of the *Essays on the Political Economy of Rural Africa*, analysing post-colonial agricultural policies, which will be of especial interest, and which throws some explanatory light on the problems charted in the first volume reviewed. Bates constructs a model of political economy in which agricultural policy is viewed as a 'by-product of governmental efforts to maintain peaceful political relations with urban political forces' (p 122). The results are collective deprivation in rural areas, as resources are extracted, and, very significantly, selective benefits channelled to rural supporters of regimes through the medium of projects or services. The alternative to the latter approach to rural development—giving higher prices for rural products—is not favoured as it both damages powerful urban interests and it allows both regime supporters and opponents to benefit alike.

If the model is useful, how is it then that governments stay in power? Why is there no extensive protest? Partly, the answer runs, because the rural leadership is benefiting, and because the greater parts of the nationalist coalitions, of which the peasants were once part, have combined against the mass of rural interests in the post-independence period. Inevitably, in an analytical text such as this (and the other essays cover topics from the pre-colonial period, and a study of colonial agricultural policies and the indigenous response to them using the same collective-choice framework) empirical precision is sacrificed for the sake of logic. And tendencies—for example, urban bias in agricultural policy, the greater political organisation of urban interests, the lack of specialisation in agriculture—may be overstressed. In addition, and this applies to the other volume of essays too, the recent phase of economic dislocation and disorganisation in the wake of oil price rises is given insufficient analysis: for in this period in many countries the price of food has begun to increase in real terms, with positive implications for rural producers able to take advantage of such price increases.

ANDREW SHEPHERD

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### **Nationalism and Self-Determination in the Horn of Africa**

Edited by I M Lewis

London: Ithaca Press. 1983. 226pp. £6.00pb

The political developments in the countries of the Horn of Africa during the last century provide a nexus for the study of contemporary nationalism which, with a complexity engendered by a most unusual combination of internal and external factors, is without parallel in any other part of the world. The colonial powers of Europe, which set about the task of carving up Africa into neat geographical slices (which were nevertheless politically compromised by the ethnic confusions to which such a mechanical division gave rise), presided over a five-way fission of the Somalis, while at the same time aiding and abetting the expansionism of the Ethiopian empire under Menelek. Throughout the twentieth century, with but a brief interruption provided by the Italian invasion of Abyssinia during the inter-war period, Amhara cultural imperialism and economic penetration became the bedrock upon which Ethiopian nationalism supervened and subordinated all other nationalisms of the region, and, in particular, those which crystallised around Oromo, Ogaden, Eritrean, and Tigrean consciousnesses.

A brief interregnum of trusteeship under the UN, prior to the absorption of Eritrea into Ethiopia, witnessed the emergence of political organisations which were prepared to fight for Eritrean independence in a protracted struggle against Haile Selassie's highly centralised and repressive regime which pursued the traditional Ethiopian policy of Amhara dominance with redoubled vigour. By the same token, the Somali people of the Ogaden area which had been forcibly incorporated into Ethiopia with the connivance of European colonial powers much earlier on, were sympathetic to the efforts of independent Somalia to rescue their territory from the clutches of Ethiopian imperialism and return them to their 'national' home.

Thus, by 1970, nowhere in Africa had the flames of 'self-determination' been fanned with the same degree of resolve and in such diverse directions as among the various nationalities inhabiting different parts of Ethiopia. At the same time, the strategic interests of external powers (and, especially the two superpowers), not least the Arab countries, became intertwined with the powerful drive of the highly centralised state of Ethiopia to retain its grip over the various nationalities struggling for political autonomy.

The victory of the *Dergue* over the Emperor in 1974 as a consequence of the success of the anti-'feudal' and progressive elements in Ethiopian (to be precise, Amhara) society resulted in the emergence of a new political force which had to cope, simultaneously, with the resurgent nationalism of non-Amhara nationalities on the one hand, and the task of consolidating state power in Ethiopia on the other. The period following the assumption of power by the Provisional Military Administrative Council (PMAC) under Mengistu's leadership has been characterised by a serious conflict between radicalising forces which give much importance to the question of nationality autonomy and the forces in control of state power which, with the help of their foreign supporters and suppliers (in this case, at present, the Soviet Union) have tended to adopt a politically hostile attitude to the national liberation movements (especially the Eritrean People's Liberation Front—EPLF) of the region.

Lewis has brought together a number of scholarly essays which throw light on the dynamic features characteristic of the upsurge of nationalism among the non-Amhara nationalities of Ethiopia since the war. Sociologists and anthropologists (Baxter, Lewis, and Wiberg), political scientists and students of African international relations (Healy, Mayall, and Pool), historians and lawyers (Gilkes, Reisman, and Triulzi) and linguists (Adam and Tübiana) have, under the auspices of the Anti-Slavery Society, focused on different aspects of the role of national liberation movements in the struggles for self-determination of the peoples of Eritrea, Oromia, and Ogaden. Regrettably, the editor was unable to secure the participation of scholars residing in Ethiopia who might have added to our understanding of the concrete situation prevailing in the region from a centralist standpoint (i.e., that of the present Ethiopian regime) which is missing in the book. Even so, the uniformly high scholarly quality of the essays and the degree to which a number of contributors (e.g., Baxter) have shown themselves to be capable of identifying with the subject without losing a sense of objectivity makes it an eminently satisfying book to read.

With a few exceptions, these essays are located in the Western liberal tradition of scholarship. Except Pool and Triulzi who adopt sensitive and discriminating Marxist approaches in their analyses of national identity in Ethiopia and to Eritrean nationalism respectively, all the other contributors are ambivalent towards Marxism and somewhat

defensive about the liberal treatment that they give to their topics. This results in some curious anomalies, as for example, when Baxter makes a persuasive case for Oromo nationalism only to dissolve in his concluding remarks into liberal clichés about finding some peaceful compromise between the centralising tendencies of the state and the centrifugal tendencies of national self-determination between which the different peoples of Ethiopia are buffeted.

There is some confusion in the minds of several authors (even including the editor) between a Marxist approach or method of analysis on the one hand, and, on the other, the stance(s) taken by one or other group in the name of Marxism or Marxism-Leninism. In this sense, the individual approaches of a number of authors is implicitly anti-Marxist. This is indeed unfortunate, to say the least. Furthermore, not a single political scientist or sociologist contributing to the book is (with the exception of Adam) from the region itself. It is a great pity that readers have been denied the opportunity of gaining a glimpse of the understanding which articulate Eritrean and other intellectuals with an intimate knowledge of the liberation struggles taking place in the region, are uniquely placed to impart.

At the same time, most of the essays suffer from the effects of attempting to consider the external and intra-regional (i.e., internal in a legalistic sense) aspects of the nationality question in intellectually separate compartments. In fact, however, the shape and fortunes of each national liberation movement are profoundly influenced by the precise character assumed at a given moment by the two major contradictions of the contemporary world—namely, the contradiction between the superpowers on the one hand, and on the other the contradiction between the forces of imperialism and the forces of national liberation. In the case of the Horn as a whole, the two major world contradictions directly impinge on each other to a degree that has not hitherto been witnessed, except in Indo-China until 1975.

These three general criticisms should in no way be taken as detracting from the value of the book which is full of substantive knowledge of the area in a truly inter-disciplinary ambience.

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### **Regional Geography of West Africa**

D A E Gilbert

London: Macmillan, 1982. 217pp. £2.85pb

This GCE 'O' level textbook has been specifically written for students in West Africa by an author with teaching experience in Ghana and Sierra Leone. Its title relates more to the examination paper at which the volume is aimed than to the approach through which the material is organised, for the treatment is unashamedly systematic rather than regional. The arrangement and content of the chapters is conventional, three on the physical background being followed by one on population. Within each of these chapters, a general section is followed by discussion of conditions in Nigeria, Ghana, Sierra Leone and Senegambia. Four chapters on agriculture follow, the first deals with subsistence farming, the second with commercial farming, the third with agriculture in

the four territories and the final one discusses agricultural development. This important chapter outlines the problems, focusing attention on the gap between growth rates of food production and population, which is explained in terms of rural depopulation, land ownership systems, farming methods, soil erosion, pests and water supply, and on the remedies of these problems. The role of international aid in agricultural development is also discussed. Then follows an account of agricultural development in the four countries and the chapter concludes with a review of the recommendations of the OAU summit meeting in Lagos in 1980.

The chapters on agriculture are followed by others on forestry, on fishing, on minerals and mining, and on industrial development, which revert to the earlier method of discussing the subject generally with reference to West Africa, as a prelude to more detailed treatment with respect to each of the territories upon which the book focuses. The brief chapter on tourism does not adopt this format but those on transport and communications, and to a more limited extent, trade and commerce, revert to it, whilst the chapter on settlements, towns and ports is structured almost entirely on national territories. The final chapter, by way of conclusion, attempts a comparative study of Nigeria, Ghana, Senegambia and Sierra Leone.

The book is descriptive rather than analytical in its approach. The treatment of transport, trade and commerce emphasises the large-scale modern sector, ignoring the role of the small-scale sector. For instance, the continuing role of headloading along bush paths, and the fact that the network of bush paths is much denser than that of roads, is not mentioned, whilst the dense network of rural periodic markets and their role in present-day trade is also ignored. The existence of small-scale manufacturing activities is recognised, albeit briefly. This is surprising in view of the fairly lengthy treatment of traditional fishing and of subsistence agriculture earlier in the book.

The text is clearly and simply written and is factually accurate. Statistics are as up-to-date as possible, relating mainly to the late 1970s, although it is perhaps unfortunate that their sources are not indicated. The text is supported by 97 line drawings of pleasing quality and clarity, although it must be said that there are occasional inaccuracies. For example, on figure 170, the roads linking Magburaka with Yengema and Bo with Kenema, are omitted, whilst both Kambia and Kamakwie are misspelt, and the indicated route to Kissidougou is, perhaps, more prophetic than real at the present time. Additionally, there are 105 well-chosen and appropriate photographs to further illustrate the text.

This is a handsomely produced textbook which, in spite of the shortcomings indicated in this review, deserves a readership wider than that at which it is aimed.

M B GLEAVE

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### **An Introduction to Educational Administration in Nigeria**

D A Edem

Chichester, England: John Wiley. 1982. 143pp. £3.50pb

Professor Edem undertakes a difficult task in this slender volume—an exposition of educational administration in Nigeria which touches both upon administrative theory



and practical applications of that theory at the school and governmental level. The work is very well written in a smooth, concise and readable style. The author not only demonstrates his knowledge of the structure and practice of education in Nigeria (and West Africa) but sets forth abstract ideas clearly and persuasively. The book might justifiably be entitled, 'An Introduction to Educational Administration in West Africa'.

The author seems very much at home with ideas emanating from the philosophy and sociology of education. In far-seeing and insightful fashion, Professor Edem treats of the values of comprehensive schools; teaching as a creative art leading to non-conformity; the value of including students in school staff meetings; and the need for the evaluation of both teachers and students in modern and productive ways. Particularly heartening is his calm assumption that follow-up of school graduates should be an accepted part of educational administration. The discussion of the product of education is perceptive and *avant garde*; the definition and description of the concept of policy is illuminating and thought-provoking. The strong support for teachers' organisations as one avenue for the improvement of education is refreshing. In this connection, the author could with profit have a look at some teachers' organisations in Canada, where they have considerable influence on government policy. In the very brief final chapter entitled 'Epilogue', Professor Edem sets forth clear goals for the training of administrators and the improvement of the quality of teachers.

The text, though admirable in many ways, does have some noticeable shortcomings. Chapters 2 and 3 seem to carom off one another, neither fully chronological in setting forth the development of administrative thought, nor logically consistent in the organisation of concepts loosely labelled the 'meaning' of administration. A reorganisation of the good material in these two chapters would be useful. Perhaps the 1957 Campbell and Gregg definition of administration could be supported by some other and more recent attempts at definition. Throughout the book, a rather directive stance is evident in the application of theoretical constructs. For example, principals 'must make teachers perform'; 'must make teachers participate in decisionmaking'; and teachers 'must make pupils learn successfully'. It is doubtful if principal or teachers can 'make' any of their constituencies do these things. The stance is rather contrary to the philosophy expressed elsewhere in the book, and contrary to current findings in research in administrative behaviour.

The presentation of the obsolete concepts of 'line and staff' and of 'autocratic, democratic and *laissez-faire*' concepts in administration is regrettable. Not explicated are examples of more recent work on leadership, such as Fiedler's Contingency Theory, Blake and Mouton's Managerial Grid, and House's Path-Goal Theory, to name but three. Even a brief mention of these would bring beginning students in touch with current thinking about the complexities of leadership. Some interesting usage of terms is noted. In Professor Edem's text, the word 'community' often refers to government, which falls strangely on North American ears, used as they are to the term referring to the local community in which a school is located. 'Community schools' seem to equate with local control of education, which is not the usage in the United States or Canada, both of which have local control of schools and 'community schools'. The use of 'the system theory' instead of 'systems theory' jars a little, and the description of charismatic leadership is unusual in being associated with revolution.

Somewhat startling was Professor Edem's assertion that 'the teaching profession has an age-long tradition of being the least-respected occupation in the society'. Though this

may be true in some areas, it cannot be extrapolated to all cultures. For centuries, perhaps millenia, children in the Far East have been taught to respect their teacher second only to their father and mother. Also, the text gives no hint as to whether or not any females are employed in education in Nigeria, as all pronouns are masculine. If there are females in the system, 'degenderised' or 'inclusive' language might be appropriate at this point in history. Some other minor irritants appear in the work. Reference and bibliographic style are unusual. Author-and-year format is used, but in quoting specific passages, page references are not given. Secondary sources are occasionally cited without giving credit to the original source. References at the end of each chapter would be helpful to the reader. A considerable number of typographical errors are sprinkled liberally throughout the text.

In spite of the above shortcomings, Professor Edem's text has far more strengths than weaknesses. It is a worthwhile addition to the international literature on educational administration, particularly since it was written by a Nigerian academic with practical experience as an administrator in Nigerian schools. We look forward to a second edition of the book in which the shortcomings will be rectified and a promising text made into a very good one.

LESLIE R GUE

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### **Autumn of Fury: the assassination of Sadat**

Mohamed Heikal

London: André Deutsch. 1983. 290pp. £10.95

The author begins his study by discussing the purpose in writing this book. That it is not an attack on the late President Sadat, nor is it a biography of him. Heikal asks why the man whom Henry Kissinger had dismissed as a 'bombastic clown' before the 1973 war, should in the space of a few years become, in the opinion of the same judge, 'the greatest since Bismarck'. The author says that he knows what he has written will cause offence to some people in Egypt. The book covers a large amount of Sadat's regime. The author ignored the role of Sayed Marei who was Presidential adviser and Speaker of the People's Assembly under Sadat. Indeed Marei was an important link to the urban right and often foreshadowed swings in Sadat's policies. The data, footnotes, documents and index provided by the author will be essential for those wanting to understand the real motives for the assassination of Sadat, especially in the West. After a good introduction, matters are dealt with straightforwardly, organised into five parts. These are: The Making of a Super Star; The Second Ruin of Egypt; Moslem Fundamentalism; The Coptic Church; Gathering Storms and Thunderstruck. The advantages of Sadat are lightly touched upon (pp 62 and 272). The author Mohamed Heikal is a widely-known Egyptian journalist, he was removed by Sadat in 1974 from the editorship of *Al-Ahram*, Egypt's most influential newspaper but remained a vocal critic of President Sadat and his regime from inside and outside Egypt.

Let us begin then with a few general remarks that may throw light on this book. The major theme of the book is that Sadat was ready to give his allegiance to a stronger personality when he came into contact with one and that he knew how to accept rebuffs

and humiliations. But as the book adds, it also meant that somewhere inside him was the need to seek revenge for his sufferings. Most of his life Sadat was acting a part, he never made any secret of the fascination which acting had exercised over him, but he preferred not to have remembered the first public manifestation of this enthusiasm. In Heikal's view, his wife, Jihan was to prove an enormous help to her husband, who she always encouraged and whose submissiveness was more than compensated for by her own domineering energy. Sadat was by nature lazy, at any rate as far as paperwork was concerned. It is significant that after he became President, no official photographs were ever released showing him sitting at a desk. More than this, in Heikal's view, Jihan did her best to make up for Sadat's omissions. She became an omnivorous reader of reports showing a special predilection for transcripts of tapped telephone conversations and intelligence reports and for any matters which concerned the state of public opinion. Heikal discusses also the story of Sadat's dismissal of Aly Sabrie on 2 May 1971 (pp 39-45). The author provides us with several examples of Sadat's love of cloak-and-dagger operations and of how easily he let himself be influenced by a stronger character and adds: 'No doubt the argument Sadat used to himself was that it was only realism to acknowledge that the Americans were the masters of the world, and that if there was going to be any change for the better in the political or military situation it would have to come from them'.

In his evaluation of the immediate results of the war in 1973, Heikal argues that Sadat was not really interested in exploiting the initial victories of Egyptian arms or in continuing the close political and military alliance which had transformed the strategic balance in the Middle East; for the first time all Arabs were united in action, but what Sadat wanted to do as quickly as possible was to get in touch with the Americans and arrange matters with them. The book explains the problems of legitimacy confronting all leaders of Third World countries and the historical pressures to which the Arab world as a whole is subject, and deals with the special circumstances of Egypt. The author discusses the impact of Muslim fundamentalism and the Coptic Church on the Egyptian people. More than this, Heikal explains how corruption spread from the top of the pyramid of Egyptian society to the bottom, during the last years of Sadat. In Heikal's view, probably the best way to give an indication of what commercial life in Egypt had come to in the last years of Sadat's *infitah* ('open door') policy, is to examine the careers and achievements of five individuals. They are Osman Ahmed—as a business man; Rashad Osman—as a worker; Tewfiq Abdel Hai—as a student; Esmat Sadat—as a member of the President's family, and Dr Naim Abu Talib—as a bureaucrat. These five cases are not isolated, the book adds, there have been at least six or seven Rashad Osmans, another dozen Tewfiq Abdel Hais, and thousands of Dr Abu Talibs (pp 183-99).

Most important, the author explains Sadat's regime. Supreme power was his; any loopholes in it had been stopped up, either by legislation or by administrative action. Yet there remained some potential checks on the exercise of his power, some balance to his seemingly absolute authority. It is time to consider these, and to see what became of them. These are, the New Wafd; the National Progressive Union (NPU); the Amal (Action) Party, the small but significant number of independents in the Parliament. What happened that most of the leaders of these parties found themselves behind bars in September 1981 (pp 202-9). Also some of the state institutions, like the Administrative Surveillance (*El-regaba el-idariya*) were dissolved by Presidential decree. The

Office of the Public Accountant's reports ceased to be circulated. There was also the Mukhabarat, the General Intelligence Department, which did not know what use to make of its information.

In Mr Heikal's view, 1980 was a year of increasing frustrations and restlessness in Egypt. Moreover, there was one aspect of life which eluded Sadat's control, that was religion. In fact, the pattern of religious life in Egypt, and relations between the religious and secular, were currently undergoing a profound transformation, new religious forces were taking over from the old established ones, presenting themselves as more credible defenders of Islam and also finding grassroots support which the others could no longer lay claim to. In his evaluation of the role of the Pope Shenoudah, the head of the Christian Church in Egypt, the author says that Shenoudah is the idol of the Coptic youth. However as the year 1981 developed, tension inside Egypt mounted—a tension which Sadat himself both reflected and fostered. The rapprochement with Israel was bitterly disliked. As the book adds, not because it meant peace but because it meant a separate peace which isolated Egypt from the rest of the Arab World. The author describes his own arrest in some detail.

In his evaluation of the process of assassination of President Sadat, Heikal says that 'for the first time the people of Egypt had killed their Pharaoh'. The saddest thing about Sadat's death is that none of his dreams came to anything.

However, this new book is a general survey of major political events in Egypt 1970–81 leading to the assassination of President Sadat. This book reflects Heikal's wide-range reading knowledge. The book is of benefit to those students of modern and contemporary Egypt and her experiment in development and modernisation.

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### **Prosperity and Misery In Modern Bengal: the famine of 1943–1944**

Paul R Greenough

Oxford: Oxford University Press. 1982. 342pp. £29.00

Coming soon after Amartya Sen's *Poverty and Famines*, Paul Greenough's treatment of the famine in Bengal is bound to lead to attempts at comparisons. However, it is well worth an assessment on its own merits. Greenough argues that historically, say up to the end of the nineteenth century, Bengal was a land of prosperity. Its wealth was rice paddy, the eponymous term *sonar bangla* (Golden Bengal) reflecting a happy reality. Average levels of consumption were high by nutritional standards. The moral order of the rural society sustained the poor, laying upon the richer brethren the duty to practise charity. The agricultural economy began to decline, largely due to population growth, but partly due to policy, one imagines, although this aspect is not discussed at any length. The Bengal Famine was the culmination of this historical process of attrition, which signified at the same time the collapse of that traditional moral order. Professor Greenough argues that this view is not only supported by historical evidence but also by a whole range of literary and cultural forms, that equate prosperity and well-being specifically with an abundance of rice (rather than food in general).

The author's thesis is ambitious and interesting. The range of evidence he has looked

at is wide, his scholarship is impressive and his compassion immense. Indeed, one of the best parts of the book is chapter 4, 'Rural Bengal in Ruins', which vividly illustrates the sufferings of the rural poor during the years of famine. This is based largely on oral evidence, and the author is well aware of the pitfalls of using such sources, at least some of which is based on recollections thirty-six years old. However, he also attempts to give us precise quantitative evidence relating to the age, sex, occupational and other characteristics of the victims of the famines. He agrees with Sen's assessment that the ravages of the famine continued long, that the official enquiry grossly underestimated mortality and that some 3.5 to 3.8 million died overall in its grip. In dealing with the effects of the famine, Greenough is very good.

He is open to criticism, however, when it comes to the causes of the famine and of the cruel suffering it caused in its turn. He agrees with Sen that the famine was not caused by a failure of food supply. Whereas this is central to Sen's thesis, for Greenough this appears to be a paradox. What then is the significance of the argument that Bengal declined from an era of agricultural prosperity? He argues that the famine was caused mainly by a collapse of the market, largely brought about by crude and indecisive interference by the Government. And that the suffering was caused by the collapse of the unique moral order of Bengal, which made the rich abandon the poor and the men, very un-British like, abandon the women and children. Neither argument, unfortunately, will do. The Government was ill-informed, inefficient and uncaring. Even so, the traditional market system always collapsed during famines. Indeed, the *Famine Code*, which Greenough quotes, had to be devised precisely to meet that contingency. If one asks why, Sen's answer that it was the collapse of purchasing power that caused the famine, is much more convincing. Indeed, the author misses the full significance of the poignant remark he quotes, 'Yes, they died in the streets in front of shops bulging with grain . . . because they could not buy' (pp 266-7). As to the second, even in normal times, women and children suffer relative deprivation in rural society. One does not have to evoke the collapse of any traditional moral order to explain their suffering in a time of famine. That, alas, is normal, and not only in Bengal.

It is not surprising that an approach so wide-ranging as Professor Greenough's, should leave some issues unresolved. He has written a well-documented, probing and compassionate account of a major calamity of our times, which is worth reading.

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### **Business and the Middle East: threats and prospects**

Edited by Robert A Kilmarx and Yonah Alexander

New York: Pergamon. 1982. 240pp. \$24.50

### **The Economy of Saudi Arabia**

Donald M Moliver and Paul J Abbondante

New York: Praeger. 1980. 167pp. £14.25

The role of the United States in the Middle East has long been the subject of considerable controversy. Many elements within the region including the Islamic

fundamentalists, left-wing radicals, and even more moderate, old-fashioned, nationalists, have been critical of American policy to varying degrees. The study edited by Kilmarx and Alexander on 'Business and the Middle East: threats and prospects', provides, largely from an American perspective, a comprehensive appraisal of some of the areas of tension in United States-Middle Eastern relations. The book by Moliver and Abbondante on 'The Economy of Saudi Arabia' gives a useful survey of the Middle Eastern state with which the United States has been most involved historically, and which is considered most crucial by Washington policy makers.

The security assessment by Waldo Dubberstein in the Kilmarx and Alexander volume is of particular interest, as are the country studies by Ibrahim Oweiss, Malcolm Peck and Charles MacDonald, of Egypt, the Arab states of the Gulf and Iran respectively. One of the main purposes of the study is to assess United States corporate risk in the Middle East. With that objective in mind, Hossein Askari provides an overview of the Middle Eastern economies, Peter Hale and Cherie Loustau discuss United States-Middle Eastern trade, and Riad Ajami considers the role of multinational corporations, especially those under American control, in the Middle East. The emphasis on United States economic interests in the Middle East is certainly a welcome feature of the Kilmarx and Alexander study, and there has been too little recognition in the past that economic factors have had an important role in political decision making with regard to this troubled region. The Middle East is an increasingly important market for American suppliers of aircraft, cereals, power generating machinery, telecommunications equipment and chemicals, as well as, of course, military hardware. The involvement of United States multinationals in Middle Eastern industrialisation has served to increase American exports, increasing the extent of interdependence or exploitation, according to the perspective adopted.

The country study by Moliver and Abbondante of Saudi Arabia is only one of several which have appeared recently on that much researched country. Although not as comprehensive as some of the others in its coverage of crucial topics such as development planning, there are particularly useful chapters on money, banking and capital markets, and public finance. These provide information not readily available elsewhere, and give some fresh insights into these important constraints on Saudi Arabian development. Donald Moliver's own doctoral thesis was concerned with monetary development and fiscal policy in Saudi Arabia, and his book is based on a revised version of the thesis, with considerable assistance from Paul Abbondante, hence the co-authorship.

The theme of Saudi Arabia's interdependence with the West emerges clearly from the Moliver and Abbondante study. Western multinationals continue to play a key role in the petroleum sector in spite of the nationalisation of ARAMCO, as their servicing role encompasses all aspects of oil exploitation. In the non-oil sector many of the new industries are being established on a joint venture basis, and even in agriculture, Western companies are heavily involved in new arid farmland development schemes. Foreign banks continue to have a stake in the kingdom's banking system despite Saudi-isation of local banks, as most of the new Saudi-ised institutions are forty per cent foreign owned. The chapter on the external sector reveals just how open the Saudi economy is, while the discussion of monetary and fiscal matters shows that an independent policy in these areas is impossible under existing economic arrangements. Overall, the study reveals, although perhaps not intentionally, just why Western

leverage in general, and American leverage in particular, is so great over this key Middle Eastern state.

RODNEY WILSON

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### **From Trucial States to United Arab Emirates**

Frauke Heard-Bey

London: Longman, 1982. 522pp. £19.95

The foreword to this book asserts that the author's approach is encyclopaedic. Indeed it is, and more. For the result of Dr Heard-Bey's decade of researches in the United Arab Emirates (UAE), an oil-rich state of the Arabian Gulf, is a splendid amalgam of fact, analysis and evocative description.

Her declared aims in writing this book are: to help 'the interested outsider to understand the historical perspectives of the UAE's social and institutional complexity'; and to offer 'a systematic interpretation of events leading to the present situation' in the UAE. She certainly succeeds in fulfilling these aims. This book is essential and pleasurable reading for anybody interested in the UAE. Moreover, in being well-focused, well-researched, and well-written, it represents a standard by which similar books on the evolution of other Arab oil states should be judged.

Following a neat geographical introduction to the UAE, sections on the 'pre-oil' tribal structure, administration and Islamic basis of the society lead to an excellent analysis of the traditional economy and its social aspects. Chapters linking pearls, trading, indebtedness, entrepreneurship, immigration and tribalism make fascinating reading. So do the details of the external influences upon, and the formulation of, the federation of the sheikhdoms. These chapters especially testify well to Dr Heard-Bey's scholarship and knowledge of South East Arabia.

This large book is well presented, with a liberal sprinkling of well-chosen subheads, that break the text into neat blocks and ease reading. Thus the table of contents becomes a guide to the book in a real sense. The text is prolifically footnoted, these notes being gathered together immediately before the substantial bibliography. It is perhaps churlish to suggest that the book would have been improved in its role as a reference document by a rather larger index, and that cross-referencing in the text would have removed some impressions of repetition.

The book is careful and balanced in dealing with modern tensions and instabilities in the UAE. The nature of evolution of the federation, control over the armed forces, federal oil ownership, population control following waves of immigrant workers, and growing disenchantment with industrialisation are discussed. The spectacularly successful record of the past in dealing with domestic problems within the federation leads to Dr Heard-Bey's assertion that (external threats apart) the future of the UAE is bright.

A significant element in the author's conclusion is that, despite radical changes in the physical and social environment, 'old patterns of behaviour remain remarkably unchanged'; 'city dwellers . . . can re-establish contact with members of their family or tribe whose lives remain relatively unchanged, almost as if they were still relying upon traditional economic resources'. But, for how much longer?

For, the rate at which respect for the past is declining is fast, despite the element of Islamic continuity. The simpler pleasures of the pre-oil life are being quickly forgotten. And, in many respects, social change is only just beginning—only today is the first complete cohort of UAE national children to be formally schooled in an imported modern education system entering adulthood. They will soon become significant in shaping the fabric of life in the federation.

Islamic basis for society, notwithstanding, these young men and women might not display as much respect for what might be regarded as an increasingly anachronistic national society as Dr Heard-Bey implies. The personalities of the generation which conceived and established the UAE were bred in grinding poverty. They are followed by a generation accustomed to lavish oil wealth, and with high but unpredictable expectations. The degree to which the older generation and conservative society can manage to mould the views of the younger in the face of their wider informational environment is not clear. Yet it is this which will be one of the chief determinants between continuity and change in the UAE.

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**US Foreign Policy and Asian-Pacific Security: a transregional approach**

Edited by William T Tow and William R Feeney

Boulder, Colorado: Westview Press. 1982. 264pp. £14.95

**The United States and Asia: changing attitudes and policies**

William Watts

Lexington, Massachusetts: Lexington Books. 1982. 122pp. £13.50

European reviewers in a journal devoted to Third World studies might be forgiven for having initial hostile reactions to both books. Tow-Feeney and Watts indulge in that favourite American academic game—policy relevance and US-centred analysis. In many books, these two obsessions masquerade as comprehensive analysis, but in the two under review, readers can be under no illusion that the author's aims are limited. With these two serious limits in mind, it is therefore possible to demand less, and take the books on their own limited terms.

Both books have something important to say. Watts is easily the more readable of the two as he suffers less from that other well-known American academic failing—jargonitis. Watts' book, based on 1980 Gallup polls of American opinion about Asia, proves with great clarity just how little Americans know about Asia. Americans hold as positive views about some Asians, especially Japan, the Philippines and Australia, as they do about Europeans. Yet the polls show ingrained Eurocentrism in the US, despite the fact that US-Asian trade has long since passed the volume of US-Europe trade and the last three wars fought by the US began, for Washington, in the Far East. Watts charts the dramatic turn-around in US views of China, ambivalent views about Japan, and continuingly hostile attitudes towards Korea. Watts calls for further education in the United States about Asia, and one can hardly deny the importance of that policy proposal.



Tow and Feeney's policy proposals are far more intricate, but essentially boil down to a call for a US 'trans-regional' approach to security in East Asia. They urge a 'clear and convincing alternative to the Soviet world view and one which can be readily embraced by the free peoples and nations of the Asian-Pacific region' (p 13). They are opposed to the Nixon doctrine which they say was based on regional diversity, and urge a more coherent regional doctrine. Needless to say these proposals are provocative, and as we have seen from the Watts book, there is much that the US has to learn about Asia. But one would have hoped that the US might have learned from the agony of Vietnam the enduring significance of regional diversity and the futility of attempting to make this diversity fit into a global or even regional strategy. Tow and Feeney admit that 'the one certainty about the Asian-Pacific is that there are no lasting truths' (pp 234-5) but then they argue on the same page that 'the transregional security outlook . . . may offer the United States . . . an opportunity to achieve a durable framework for future peace and prosperity'. They were right the first time. Tow and Feeney do mirror a great deal of the new shift in US foreign policy, suggesting greater confidence under Reagan that the US can order international relations. Tow and Feeney have offered us a challenging outline of how such a policy can be applied to East Asia. But if one had to choose between the policy prescriptions of Tow-Feeney and Watts, it would clearly be for the latter. Watts at least would bring out the regional diversity of Asia, and a more intricate view of Soviet and Chinese policy predicaments, so that transregionalism would be avoided. The domino theory may have been given a new name, but it remains as inappropriate as ever.

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### ***Science and Technology in the Middle East***

Ziauddin Sardar

London: Longman, 1982. 324pp. £39.00

This book is the first of a new series entitled: *Guide to World Science and Technology*. It is a welcome addition to the small literature on science and technology in the Middle East. The author has done an excellent job of gathering information from numerous sources as well as from his personal visits to major scientific centres in the region. Unlike the author's earlier work, *Science, Technology and Development in the Muslim World* (London: 1979), this text is less wordy and presented in a highly readable fashion. The book provides a useful coverage of present and future forecasting and planning in science and technology in the area. The prognosis, however, does not seem promising—'Middle Eastern countries will continue to rely on foreign assistance for decades to come' (p 72).

The book is divided into three parts. The first is intended to delineate a critical overview of scientific and technological development in the area since 1975. The second part deals with the origins and progress of the main scientific and technological organisations in the region. The third part follows the same pattern and provides a detailed straightforward account of the evolution of science policy instruments in the Arab states as well as in Afghanistan, Iran, Pakistan and Turkey. The book contains an appendix listing the major institutions in the area.

The book's substance is not of corresponding quality, for it seems to be essentially an abbreviated version of other studies conducted by the author himself and others. It is an assiduous examination of government and private sources and of data presented to the UN Conference on Science and Technology for Development (UNCSTD), held in August 1979 in Vienna. Thus, science is seen from the perspective of the senior public servant, which in no way adequately represents science. The book is presumably a reference guide to the students of science and technology and 'scientists seeking cooperative ventures' (p x) in the area, but there is no attempt to distinguish between actual and mere suggestions of scientific activity. The reader is confused amid a wide variety of projects, programmes, recommendations or resolutions which most probably end up collecting dust. Despite the author's genuine effort to provide a rich source of data for scholarly research in science policy, I find the data on the current status of science and technology in the countries discussed inadequate and brief. The book cannot be regarded as the highly reliable source the author claims it to be.

Finally, the book cannot be considered to be on the research front of the social study of science and technology. It fails to analyse the most needed issues of cultural, sociological, and political impact of imported technology on the region. It fails to bring coherence and meaning to the data presented. Science is not a mere reading of government documents on future planning. It is a precise activity based on hard facts and figures.

Despite the shortcomings of the book, it provides a brief, but interesting, account on 'Islamic Science'. This concept, if given the proper attention by the Muslim states could have a major impact on the 'Islamic ways of conducting science' as stated by the author. It is hoped that the newly-instituted IFSTAD (International Fund for Science Technology and Development) will realise the concept among its member-states.

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### **Development Alternatives of Mexico: beyond the 1980s**

Robert E Looney

New York: Praeger. 1982. 268pp. \$24.95

This book presents an interesting and informative analysis that both reviews past accomplishments and failures of Mexican economic development and generates forecasts for the future. By incorporating a detailed discussion of the oil boom years (1978 to 1981), this present effort clearly is intended as a follow-up to Looney's previous book (*Mexico's Economy: A Policy Analysis with Forecasts to 1990*, Westview, 1978).

The overview of past policies and outcomes in Mexico's development is generally accurate, though it provides no new information to those already well-versed in Mexican economic development. To his credit the author emphasises a number of important variables (such as demographic characteristics, income inequalities, and energy policies) and correctly describes the Mexican postwar economic strategy as 'inward industrialisation via import substitution' (p 17). In the historical analysis, Looney recognises many of the past linkages between economic and political factors, but he

overstates some of these relationships, such as the conclusion that a pessimistic view of the economic growth potential of Mexico is an outgrowth of the lack of popular input to the presidential selection process.

In discussing more current policies, the book appropriately focuses on the planning initiatives of the López Portillo government, particularly the National Industrial Development Plan and the Overall Development Plan. The Industrial Plan is accurately viewed as being a significant document, but the essentially political nature of the Overall Plan is not conveyed to the reader. The Industrial Plan of López Portillo was a very specific statement of goals and concrete policies, but his Overall Plan was extremely vague and failed to delineate explicit priorities or policies. One worrisome aspect of the Industrial Plan, alluded to by Looney, is the enforcement aspect of the Plan, in which firms 'obligate' themselves to meeting certain goals in return for the policy benefits of the Plan.

The approach of the book is clearly from a monetarist perspective, and one of the major conclusions is that inflationary pressures in Mexico have largely been a result of undue growth in the money supply (which in turn is greatly influenced by large government deficits). Though the economic analysis may be sound, Looney does not seriously consider the 'human costs' of a monetarist strategy other than to say that these will be limited to a short-term impact. Whereas he criticises government planners for ignoring the impact of inflation on the Industrial Plan, Looney bends to the other extreme by being so preoccupied with controlling inflation.

Much of the book is devoted to quantitative forecasts of various economic outcomes. The quantitative analysis is quite complete and very rigorous, but, as in the case of much economic forecasting, it rests on assumptions that are quickly overtaken by events. Thus, writing before the bank nationalisations and exchange controls of López Portillo and the devaluation and stark austerity of de la Madrid, Looney predicts 'relatively noninflationary expansion of 6.5 to 7 per cent per annum in real terms' and rapid growth 'without incurring excessive or worsening current accounts deficits' (pp 192 and 229). Despite some of these flaws, this book remains a relevant analysis of the development strategies available to present-day Mexico.

DALE STORY

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### **Cuba: Internal and international affairs**

Edited by Jorge E Domínguez

London: Sage, 1982. 230pp. np

*Cuba: internal and international affairs* is a collection of essays, primarily by contributors already noted for their scholarly research on Cuba. The book contains a wealth of useful and up-to-date information on political, economic, military, and diplomatic developments in the Cuban Revolution—presented, with few exceptions, in a crisp, straightforward manner. The major conclusions of the book are that 1) Castro's socialist governance is firmly established in Cuban society; and, 2) despite the loyalty of a heavily propagandised/mobilised populace, the government is unlikely to make

dramatic gains over the next few years toward any of its major goals—whether economic growth, social equity, or diplomatic prestige.

The authors generally agree in attributing the impasse in the revolution to the impact of external economic and military pressures beyond Cuba's control. The revolution was meant, of course, to overcome the country's negative dependence on outside forces, but vulnerability persists, and imparts a self-defeating aspect to even the revolution's successes. Increased production of sugar, for example, brought about through intensive efforts in Cuba, has tended to soften the world market price, with a consequent loss of revenue and import-capacity for Cuba.

Cuban military successes, for example in Angola and Ethiopia, have contributed to the dangerous reinvigoration of US hostility towards Cuba. Similarly, the renewed strength of revolutionary forces in Latin America has greatly complicated Cuba's relations with Latin American governments, and has even reversed some of the diplomatic progress in the western hemisphere achieved during the 1970s.

The contributors do not, however, fall into the mistake of viewing Cuba as simply a passive victim. As their essays make clear, the Cuban leadership itself has been active in choosing the form in which the island would relate to powerful external forces. According to its calculations, economic integration with the socialist instead of the capitalist trading system, and a military alliance with one superpower and not the other, was expected to prove more beneficial than the available alternatives.

Of course by now, after years of danger and hardship, it is most unlikely that Cuban leaders can assess the gains and losses, produced by their own choices, in a cool and calculating frame of mind. For this reason, the seemingly commonsensical proposals in the essay by Edward Gonzalez strike an unrealistic note. Gonzalez advocates American efforts to modify Cuba's external behaviour through a structure of both positive and negative inducements. Certainly, no other approach is more likely to succeed. But after considering the information presented by the essays in this book, the reader is quite convinced that the loyalties, ambitions, and symbols developed during the past quarter-century of revolution in Cuba will not so easily be put aside or yielded by the current revolutionary leadership.

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#### **Foreign Debt and Latin American Economic Development**

Edited by Antonio Jorge, Jorge Salazar-Carillo and Rene P Higonnet  
New York: Pergamon. 1982. 183pp. US\$20

#### **Development Strategies and Basic Needs in Latin America: challenges for the 1980s**

Edited by Claes Brundenins and Mats Lundahl  
Boulder, Colorado: Westview Press: 1982. 180pp. np

In February 1982, a conference was organised by the Department of Economics and the International Banking Centre of the University of Florida to discuss the problem of Latin American external debts and economic growth. The papers of that conference

have now been published as *Foreign Debts and Latin American Economic Development*, the first of the two books being reviewed here. Given that this region is not only the most heavily indebted of all the developing countries but also continues to accumulate foreign debts at an alarming rate, they would appear *a priori* to be important lessons for other developing countries, particularly as the debt problem has once again come to the forefront of the North-South debate.

However, this book does not live up to expectations. For one, it never gets to grips with any of the major issues which bedevil the debt problem. There is just not enough analysis on which to judge whether the papers add anything new or exciting to what we already know of the problem, or what individual authors have stated elsewhere. The articles by such eminent scholars like Zoliber, Irving, Friedman and Wallich fall into the latter category. For the rest, the authors concentrate on describing the basic economic characteristics, problems and experiences of individual countries and the build-up of that country's debt problem. These are supported by a vast array of statistical tables which, though interesting in themselves, are, unfortunately, all from secondary sources. The amount of reworked statistical data is also minimal, both of which must detract from the overall value of this collection of papers.

As regards structure and content, the book divides roughly into two sections. The first section, incorporating the first seven chapters, provides a broad perspective of the growth of the region's debt problem during the 1970s. The second covers the rest of the book and is devoted to country studies with individual chapters for Jamaica, the Commonwealth Caribbean, the Dominican Republic, the Republics of Central America, Mexico, Haiti, Venezuela and Costa Rica. There are two chapters on Brazil, both purporting to look forward to the 1980s and analysing the so-called 'Brazilian experience'; somehow they manage to miss the signs of the incipient debt crisis which overtook that country even before the printer's ink was dry.

*Development Strategies and Basic Needs in Latin America. Challenges for the 1980s* is also the outcome of a conference. This one was organised by the Research Policy Institute of the University of Lund, Sweden in the autumn of 1979. The editors decided not to publish all the papers which were presented at this Conference but only those which 'highlight the issues, the problems of the future, the limited successes in countries like Peru, and the apparent success in Cuba' (p xii).

Even then, this is a most uneven collection of papers. One rather gets the impression that the organisers of the Conference got hold of the concept of 'Basic Needs' which was all the rage on the international conference circuit at the time and decided to tag it on to a discussion of 'Developments in Latin America'. The two just do not sit well together. Certainly most of the papers say very little, if anything, about Basic Needs. If one, therefore, is looking for a full-blooded discussion of what this concept means, what sort of problems it is likely to lead to, and how it can be implemented in the context of Latin America, one is going to be disappointed. The notable exception is the chapter by Paul Streeten on 'Growth, Redistribution and Basic Human Needs.' The author makes a genuine attempt to spell out the conceptual underpinnings, and broad parameters of what Basic Human Needs is all about but this is not followed up elsewhere.

Like most other books on Latin America, this one is really about individual country problems. In this case the countries selected for discussion are Haiti, the Dominican Republic, Peru, Brazil and Cuba. Take Haiti, for example; there is not much that one can say about that country which is not depressing nor already known. If there is a

country which cries out for the provision of Basic Human Needs it is Haiti. Unfortunately, the author of that chapter avoids the issue by discussing peasant strategies and population pressures instead. Again, Cuba is singled out as the most advanced country in Latin America insofar as the provision of Basic Human Needs are concerned. Maybe so, but the author does not really produce any firm evidence to support his case. In fact the data which he uses are precisely those which Streeten regards as inadequate. Clearly these two papers need to be reconciled.

While, therefore, both of these two books contain some useful pieces of information about individual country problems, they do not really strike any new chords about the region as a whole. A clear case of the whole being less than the parts!

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### **Regional Organisation and Order in South-East Asia**

Arnfinn Jorgensen-Dahl

London: Macmillan, 1982. 278pp. £20.00

### **The ASEAN States and Regional Security**

Sheldon W Simon

Oxford: Clio Press, 1982. 161pp. £7.70pb

The Association of South-East Asian Nations (ASEAN) now seems to be more than a state of mind, although, as a statement of fact, it seems to be rather less than may have been intended. All associations, and especially emerging institutions and communities, are, of course, a product of particular historical circumstances and one circumstance in particular on which the authors of these two volumes on ASEAN agree is the primacy of external developments.

In origin one may be inclined to believe (perhaps rather cynically) that it was a product of an extended emotional spasm which followed on the equally emotional reconciliation between Malaysia and Indonesia in the aftermath of *Konfrontasi*; and that when, finally, it could be said to have taken off after 1975 it was because the dramatic end to the war in Vietnam had provided a new sense of urgency. Of the two books under consideration, Dr Jorgensen-Dahl provides a very good account of the natural history of the organisation: comprehensively, as befits a doctoral dissertation, and, as its title suggests, with proper attention to the framework of international relations. It is sympathetic but not uncritical. Of the so far less than momentous concept of ZOPFAN—a zone of peace freedom and neutrality—he asks whether it is any more than an emerging predilection. He thinks the claims made on behalf of *Musjawarah*—a sort of consensus politics—as a uniquely South-East Asian technique of negotiation are rather exaggerated; and he points out gently that tariff reductions of ten to fifteen per cent do not make all that much of an impression on tariffs which in many cases exceeded a hundred per cent.

For the last ten years, and in particular since a UN report in 1972 on the possibilities of ASEAN economic cooperation, some of the members, instead of trying to limit

imports, have put the emphasis on increasing exports but, collectively, there is still an enormous disparity of purpose and policy between, at one end of the scale, Singapore and, at the other, the state whose size alone suggests that she is the 'natural' leader of the group: Indonesia. As far as collective effort is concerned, Dahl suggests that perhaps the most important impact that ASEAN makes, economically, is in its potential for collective action, and it was probably this which persuaded the Japanese to restrict their output of synthetic rubber. No mean feat and one which enhanced the standing of ASEAN in the international community.

However, when thinking of ASEAN as a collective entity with a collective purpose it seems to make more sense both historically and operationally to think of it in political terms: which, in so far as its common purpose lies in regional security, is the focus of Professor Simon's study. Where Dahl has dealt with the structure of ASEAN, Simon is more concerned with its operational problems and provides a great deal of detail, for example, in the chapter on 'Challenges facing ASEAN', concerning security in both its internal and external aspects. One may feel, instinctively, that certain propositions are taken for granted: for example, the nature of the Vietnamese threat and the assumption that 'the SRV (Socialist Republic of Vietnam) foresees a possibility of replacing China as a revolutionary mentor of regional insurgencies' although recent events would seem to confirm that Singapore, at any rate, regards this as a palpable threat. The recent extraordinary burst of diplomatic activity which produced an anti-Vietnamese coalition government-in-exile for Kampuchea out of remarkably disparate political figures and not to mention the intensive lobbying which produced an even larger majority in the UN which refuses to recognise the current Vietnamese supported regime, reveals the intensity of feeling in favour of 'legitimate' governments: even though, in this case, it has a dreadful association with Pol Pot. Somewhat ironically then, the two states which have been identified as the principal threats to stability in South-East Asia, China and Vietnam, are now, in effect, balancing each other out although the likelihood of ASEAN conditions for peace and security in Indochina being met—complete withdrawal of Vietnamese forces and free elections in Kampuchea—seems to be remote.

To some extent, and almost inevitably, neither of these two books is able to take into account events of the last couple of years or so but they do provide various and most useful perspectives, not only on ASEAN but on the patterns of politics and economics and international relations in South-East Asia over the last twenty years and more. If, as has been said,<sup>1</sup> the members of ASEAN are more sure of what they are not than what they are and what they ought to become, these two books, although written by outsiders, may help us to an understanding of what they and their problems are.

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<sup>1</sup> Wang Gungwu, 'ASEAN between Tradition and Modernity' in *Understanding ASEAN*, Alison Broinowski (ed), London: Macmillan, 1982.

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# JOURNAL OF INTERNATIONAL AFFAIRS

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Largely an offspring of the colonial system and Western cultural mores, international law is being transformed as a result of the political and economic metamorphosis of the newly awakened Third World. What changes will occur?

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**— At the forefront of facts and issues —**

# Theodoor van Boven

*Theodoor Cornelis van Boven was Director of the United Nations Division of Human Rights in Geneva from 1977 to 1982 and in that capacity he became responsible for the supervision and implementation of the human rights programme of the United Nations. In May 1982 after major policy differences with the Secretary-General of the UN his contract was not renewed.*

*Since 1982 Dr van Boven has been professor of law at the University of Limburg, Maastricht, Netherlands. In 1982 he was awarded the Laureate of the Louise Weiss Prize and made a doctor honoris causa of the Catholic University of Louvain-la-Neuve, Belgium. His publications include International Protection of Religious Liberty (Assen, 1967); People Matter, Views on International Human Rights Policy (Amsterdam, 1982).*

*Raana Gauhar interviewed Theodoor van Boven in London in February 1984.*

**RG:** You made a very interesting remark about the United Nations shortly before you left your post as Director of the Human Rights Division; you said that at the UN one has to 'bargain with the devil'. Would you describe your five-year term there as a series of compromises in order to obtain any progress on human rights?

**VAN BOVEN:** Well, that is a fundamental problem one faces at the UN because the cooperation of governments can sometimes only be obtained through concessions. One understands, for instance, not to raise matters publicly but privately. The United Nations accepts these governments as reliable and legitimate partners and at times you find you have to shake hands with dictators like Pinochet and similar people. You have to negotiate with them about matters which should really be non-negotiable. It also means that you recognise these governments as caretakers of the interests and rights of their people and I think this adds a measure of legitimacy to dictatorial governments. Once Idi Amin of Uganda expressed a wish to come to the UN. Not only was he invited but he received full honours like any head of state. I



am not suggesting that every government is full of criminal elements but there are some who are cynical, who lie, who distort the truth; but at the UN you have to accept them as legitimate partners and that, I think, is 'bargaining with the devil'. But, of course, you cannot worry all the time only about keeping your hands clean, because if you want to defend the rights of people and individuals, you must sometimes compromise and negotiate with their oppressors.

RG: When there was a situation which could really only be described as a gross and systematic violation of human rights—a situation which needed urgent attention—how effective did you find a large international bureaucracy in dealing with such violations? Were there specific instances when you felt particularly frustrated at how little you could do?

VAN BOVEN: That was a source of frustration indeed. The first obstacle was a political one because I would have needed a mandate from a body like the Commission on Human Rights or the General Assembly to deal with the question in a substantive manner. Sometimes we have routine studies and investigations, and sometimes matters are pending for years because these bodies don't meet or, even if they meet, their effectiveness is neutralised. The second obstacle is of an administrative nature. In order to conduct an investigation, you have to go to the financial authorities to get the resources allocated for this and to get special personnel assigned to it. Often that may take many months and that presents another, less visible, political obstacle because there are all kinds of forces within the bureaucracy, working against human rights, and making it difficult to get the resources and personnel allocated.

RG: And once you actually got the personnel, for example, what would they go out to do, would they actually do an on-the-spot investigation or what?

VAN BOVEN: There are many things: first of all they collect information from all available sources like non-governmental organisations, through newspapers, through individuals, through liberation movements or other organisations, and then they analyse that information—sometimes even with the

assistance of a computer. If the government permits it, there may be a fact-finding mission. In a few cases we carried out investigations where governments agreed because of external pressure or because they thought they would benefit from it, but, generally speaking, I think too many governments have too much to hide.

RG: Do you mean that in permitting an on-the-spot investigation a government felt that it had proved it had nothing to hide?

VAN BOVEN: Yes, that and also to be able to claim that they had been cooperative. For instance, in President Carter's time the United States put pressure on Latin American countries to allow the UN or other organisations to conduct investigations. They thought that if they agreed they could expect not to be subject to further investigation in the future, that it would sort of terminate their case. That cannot be because once the UN begins working on something, the process runs its course. These investigations are going to have their own life because, having started, unless the situation improves, what can you do but continue to put pressure, otherwise it would be interpreted as a sort of certificate of good conduct? For instance, people ask us sometimes whether it isn't time to stop investigating South Africa or Chile because they seem to have become eternal targets. But what would that mean in practice? It would mean that those who work for liberation and for human rights would feel they had been abandoned. I remember that in Chile the UN mission was met on the streets by people who said 'You are our hope, perhaps our last hope.' How can you abandon them? It would be a betrayal of these people because once you begin an investigation you enter into a commitment. The dilemma is that there may be many more situations which are equally urgent but you don't yet have a mandate to investigate them.

RG: I want to understand the concept of 'the mandate' more clearly. Didn't you as Director of the UN Human Rights Division have a worldwide mandate?

VAN BOVEN: No. Of course the mission or the mandate of the UN is universal. After all we claim that there is a Universal Declaration of Human Rights which should, in principle,

be applicable to all peoples. But the **mandate**, let's say for a special study to deal with serious violations of human rights, is not an automatic one. Sometimes a mandate is not focused on a country but on a certain **phenomenon** like 'slavery', 'disappearances', 'executions'. There are also special mechanisms to monitor that phenomenon which is not limited to a particular country.

RG: You have called for a 'third system' to fight the struggle for human rights since you see the first and second systems as representing political, military and economic powers which are primarily interested in defending the status quo. Who do you see as the constituents and constituency of the 'third system' and how should they organise in order to become effective?

VAN BOVEN: The constituents of the 'third system' are in principle all peoples and all individuals, everybody; as governments are not taking care of their constituents, we need some sort of alternative system for the promotion of and protection of human rights. Now, how are you to organise? That is difficult. As an example, take the practice of torture. We are attempting to create a network of cooperation and information in countries where this practice is prevalent so that local groups do not feel isolated. Individuals are very vulnerable but a network of information, assistance and cooperation on a worldwide basis, that could be useful. It is extremely important to create links between local and national groups and international groups. People living in countries where there is repression ask for such systems of communication and information. We must somehow create a system where voices other than those of governments come to the forefront in the international system. Of course, the only power they may have is the power of moral pressure and of publicity, but we should not ignore the fact that the majority of governments are sensitive to that.

RG: One hears a lot about the effectiveness of 'quiet diplomacy' in curbing or remedying human rights abuses. I remember Kurt Waldheim saying in an interview that his quiet contacts on a personal level with world leaders had helped in a number of cases. But don't you think that publicity is fundamental to promoting a respect for liberty on a

significant scale? Surely the fear of publicity is often what makes governments behave in accordance with civilised customs. I think you once called silence 'the biggest threat to human rights'.

VAN BOVEN: I don't have much confidence in them because I have been following that 'quiet diplomacy' from inside. In the United Nations we have confidential procedures which governments usually feel far more comfortable with since they can hide themselves behind this confidentiality and there is no public control. Now there are instances where it has worked, but in my experience whenever there are massive and gross violations of human rights I have not seen much improvement through 'quiet diplomacy' and confidential procedures. I think also that because they were confidential it is difficult to ascertain how effective the respective Secretaries-General's endeavours have been. To what extent can they be corroborated by evidence? It would be interesting if organisations and governments would at a certain stage open their files and we could then analyse the effectiveness of quiet diplomacy. I remember that an Argentinian author and journalist Jacobo Timmerman (who was detained and, in fact, belonged to the 'disappeared') said that it was the fact that the United States and others in the UN publicly intervened on his behalf that saved his life. He claims, and so do others, that public intervention has saved more lives than 'quiet diplomacy'. Now you cannot prove these things but I think that silence is often comfortable and makes the organisation an accomplice to the violations of human rights. There are instances where public intervention hasn't helped; for instance, the UN intervened publicly to save Bhutto's life but without success. So it differs also with regards to governments and situations. I know the type of letters that are written when the UN intervenes privately; what is usually asked is not demanded as a matter of right but as a favour on the basis of humanitarian concern.

RG: Surely, that is unacceptable—that rights which a government should not have violated in the first place should be granted as a favour or a concession?

VAN BOVEN: If you don't want to antagonise governments, you don't

demand it but ask for it as a favour, a humanitarian gesture.

RG: Do you think that the UN's specialised agencies are more effective in protecting the interests they were created to promote?

VAN BOVEN: Yes, I think the best example you can mention in that respect is the ILO. There you have the so-called tripartite system and that is not a purely governmental affair because decisionmakers also include the representatives of employers and workers. Problems arise when international organisations simply become an extended branch of governments and where even the staff consider themselves as extended branches of these governments. I know, for instance, that in the UN the budget for human rights matters is always under heavy pressure because it is seen as a potential threat. On the other hand, in the ILO, when you ask for more resources, there is at least a certain sector which will immediately push to support it. With the FAO and UNESCO, I cannot say whether this is so because their human rights activities are less visible and not so clearly defined as in the ILO.

RG: Does budgetary pressure act as a major restraint?

VAN BOVEN: Oh yes, I think it does. After all, the funds for the UN and for all the international organisations are limited, in view of the major responsibilities these organisations have. The funds made available are limited and if you take into account the amount of resources wasted on the arms race—then an organisation such as the UN for instance, has a budget which is only about equal to that of the New York Fire Brigade. In world terms that is a very limited amount. The rich countries make a great fuss that money is being wasted by these international organisations but I think that is just a tactic to keep their activities within very strict limits. Political forces use budgetary means to limit certain programmes which need expansion.

RG: Do you think that there is any alternative to cooperating with governments?

VAN BOVEN: No. In today's reality we have the State system and the actors of power are governments and the power factor must be taken into account.

RG: Did you, in your position as Director, feel the transition from Carter to Reagan marked a major change in the thrust and direction of US human rights policy and did it affect your work? Jeane Kirkpatrick's article,<sup>1</sup> 'Dictatorship and Double Standards', gives some idea of her position on human rights issues and she became the US ambassador to the UN.

VAN BOVEN: Yes, I felt that the climate changed considerably. You may say that Carter made mistakes, that he was often inconsistent, but he certainly tried to improve the general climate for human rights. I think that at the time I was appointed in 1977 the Secretary-General took a risk with me because I was known to be a little undiplomatic, to say things more openly. He took that risk because he could do it in that atmosphere. Of course, in Carter's day human rights became a fashionable subject at conference tables and there was a lot of double talk and hypocrisy but, nevertheless, I think Carter's policy raised expectations. By and large it improved the climate for human rights and I benefited from that climate. As soon as the Reagan administration moved in and translated everything in terms of communist and anticommunist, which is a very narrow angle for human rights matters, I immediately sensed both within and outside the UN that certain repressive governments, particularly Latin American dictatorships, felt less threatened. They joined hands with the United States and complained how *they* were always the targets and not others. What do the people of Chile or Guatemala or El Salvador care about the debate on dictatorships and double standards? They have immediate needs and immediate concerns. So, if you globalise human rights and try to deal with it in a sort of equilibrium fashion—to avoid double standards—this is to neutralise and not to act at all. I felt that this talk about double standards was a purely political slogan and that it would justify inactivity. Once the Reagan Administration was in power I had less and less room to manoeuvre. I can't

<sup>1</sup> Reproduced in full in her book *Dictatorship and Double Standards: rationalism and reason in politics*, New York: Simon and Schuster, 1982. The book is reviewed in this issue of *TWQ* (p 760).

complain; for four or five years I was given a great deal of discretion and liberty to act, but then almost at once the limits of action became much more narrow, and I think that was the reason I could no longer function effectively.

RG: The State Department's 1984 annual report on human rights says that the test which the Reagan Administration applies is 'effectiveness'. Their professed aim is to achieve results, not to make self-satisfying but ineffective gestures. The preferred tactic with friendly governments is diplomacy and a concern that they should not be made to feel isolated in the international community because of the injustices they perpetrate.

VAN BOVEN: This is the dilemma we discussed earlier about 'bargaining with the devil'.

RG: I think there is a difference between the kind of bargain which you were talking about and one which means stepping up military aid if a government's human rights record improves.

VAN BOVEN: I think that where strategic and vital interests are at stake they make very serious compromises and that is perhaps another type of bargaining, but there are certain similarities with what we discussed earlier. I think that US policies *vis-à-vis* Central America have betrayed American ideals of freedom and democracy because once those so-called vital strategic interests of the United States are considered to be at stake, that would justify throwing overboard the ideals of democracy and self-determination. I think the US is making too much of the threat of communism. Take, for instance, the Guatemalan Indians who are the majority of the population; they are not interested in Marxism or capitalism, they simply want to live in peace and justice and to work on their own lands and to have their own culture. I think the Reagan Administration's policy provokes the very tendencies it wants to combat. The Kissinger Report recommends sending more military to the region, but militarisation is certainly not going to be the solution. People like Kissinger, with their global geopolitical vision, ignore local realities but finally it comes down to the people who live there.

RG: Do you think military regimes are the worst offenders? In

Argentina 3,000 unmarked graves have been unearthed, revealing the bodies of the victims, including children, of past repression who were officially classified as 'the disappeared ones'. Apparently, there are as many as 8,000 documented cases of people who disappeared.

VAN BOVEN: I think I should reply to that in the affirmative. It isn't military regimes *per se*, but they do usually function under conditions and with aims and principles which allow them to resort more easily to repression. Besides, they interpret everything in terms of national security. I think that among the worst offenders in the world of human rights are many military regimes.

RG: Do you think the dominance of the military in developing countries is related to the level of military expenditure in these countries?

VAN BOVEN: Yes, of course, and I feel this is favoured by the Western countries; first of all for the sake of profit but also for the sake of influence, so that there is a competition to create dependencies and spheres of influence. I am afraid that sometimes Western positions on human rights are not very credible.

RG: It has been said that one of the best ways of promoting rights is for people to be aware of all their rights, so that you think of yourself as an equal and never as an untouchable or as a person who is culturally inferior.

VAN BOVEN: I feel strongly that in order to promote human rights the first precondition is that people know their rights in a language they understand. Of course, when people know their rights and claim their rights that does not necessarily lead to tranquillity. In the UN we tried to set up a programme for the dissemination of international human rights standards in many languages, but this is expensive and the Organisation was very reluctant to allocate funds for this purpose. In some countries people have been arrested for having the Universal Declaration of Human Rights in their possession—it was subversive literature.

RG: The African Charter on Human and Peoples' Rights is quoted as illustrating how critical to Third World states the notion of absolute state sovereignty is. It is said the Charter places fewer restrictions on the exercise of state power than



other regional human rights documents even when the state violates rights.

VAN BOVEN: I don't know whether this criticism is fully justified. The African Charter gives more prominence to collective rights, to peoples' rights, but in many respects it closely resembles international instruments adopted by other organisations. It is not a perfect instrument, but I think it has a number of interesting elements such as the stress on self-determination. I think peoples' rights and individual rights are complementary. I don't see the African Charter as attempting to justify state power and state interest at the expense of the rights of the individual. I see this Charter as a step forward, at least as a commitment in Africa and by African countries to promote and implement human rights.

RG: What became of your proposal that the General Assembly request an annual world report on human rights?

VAN BOVEN: It would have been useful because such a report would have provided a more objective basis for monitoring. Now, as we discussed earlier, monitoring is often based on special mandates, on certain arbitrary political understandings and political criteria. There are, of course, worldwide information systems already. There is Amnesty International which, within the limits of its own mandate, is trying to do that, but I stress again 'within the limits of its own mandate', a limited one but an important one. The US State Department is annually supplying human rights reports which are again coloured by certain political understandings and political conceptions. This is a task the UN could usefully perform but I am aware that this is easier said than done. You need a large research department. Consider the fact that Amnesty International with a limited mandate has a much larger research department than the UN has on human rights. Such a report would require more staff and the political will of governments and states to subject themselves to international scrutiny; that is basically why this idea has not yet been implemented.

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# Third World Lecture 1984

## Ocean Space and Mankind

*Address delivered by Professor Arvid Pardo when receiving the Third World Prize for 1983. The Prize was presented to Professor Pardo by the President of the Republic of Colombia, H E Dr Belisario Betancur, at the inaugural session of the South-South conference on the Role of Regional Integration in the Present World Economic Crisis in Cartagena on 23 February 1984.*

I would like to express my deep appreciation and sincere gratitude to the Third World Foundation for the very great honour which has been conferred upon me and which I accept with great humility.

Through me I feel that the Third World Foundation has wished to recognise the first President of the United Nations Conference on the Law of the Sea (UNCLOS), the unforgettable Ambassador Shirley Amerasinghe, his able successor Ambassador Tommy Koh, who guided the conference to its conclusion, and all those who made such great efforts to ensure that an internationally agreed body of law would govern the marine environment and all major activities therein. Above all, I feel, the Third World Foundation has intended to recognise the new, very special importance of ocean space—that is the surface of the sea, the water column, the seabed and its subsoil—to the future of mankind as a whole.

Ocean space was used by man before the dawn of history. Archaeology shows that fishing was practised in prehistoric times and that pearls, coral and sea shells have been appreciated by man for thousands of years. The extraction of salt from seawater goes back to very early times as does the extraction of purple dye from the murex shell. From time immemorial, also, coastal populations have used shells, fishbones and the teeth of sharks and other large fish to make tools and weapons. Later, the seas were used for commercial fishing, commerce and warfare.

Until little more than one hundred years ago, however, man's activities in ocean space involved only the surface of the sea and it is only within the past thirty years that ocean space has begun to be perceived as having great present, and even greater potential, economic value. This is due to two major developments:

First, the accelerating, multiform, scientific and technological revolu-

tion provides us with the tools to penetrate, use, and exploit ocean space in all its dimensions.

Second, multiplying populations, rising expectations, and the world-wide spread of industrialisation have created an almost insatiable demand for enormous quantities of water, food, raw materials and energy which land sources may have increasing difficulty in providing at a cost acceptable to the majority of potential consumers.

Ocean space, comprising two-thirds of our planet, is thus a new world opening to the activities of man, at a time when its resources are needed to supplement—and in future perhaps largely to replace—what land has to offer.

It is not necessary to recite here the major characteristics of ocean space, to describe its fundamental importance for climates, indeed for life on earth, or its vital function in dispersing and diluting the vast quantities of toxic wastes produced by our expanding industrial society. The functions of ocean space as an essential medium for the expansion of knowledge of our planet and for international trade are very well known, as is also the fact that it contains vast living resources, some of which, such as krill and marine plants, are still only lightly exploited.

I would like, however, to mention briefly four uses of ocean space which appeared to me to have quite exceptional present or potential importance.

The oceans have always been important in war. Command of the seas enabled Britain to break Napoleon's continental system, and it was largely lack of command of the seas that caused the defeat of Germany and her allies in two world wars. But now ocean space is even more important. By permitting concealment of underwater military activities, it has become essential for the maintenance of 'the balance of terror' and of international peace at the strategic level.

It is well known that very substantial quantities of hydrocarbons are found under the bed of the sea. Less well known, perhaps, is the fact that tides, waves, and currents generate immense quantities of energy and that in tropic seas energy can be derived from temperature gradients, that is to say, from the difference in temperature between surface water and deep water. It is true that, apart from tidal power, these unconventional sources of energy are still in the early stages of development; yet it is possible that before the end of this century the extraction of unconventional energy from the sea could be as important as the extraction of hydrocarbons. Ocean thermal energy conversion—the extraction of energy from temperature gradients—appears to have the

potential of becoming a promising source not only of energy but also of multipurpose economic development for poor tropical countries lacking hydrocarbon deposits.

The non-living resources of ocean space also deserve special mention. These are almost unimaginably vast, and they constitute the last and greatest mineral reserve of our planet. Non-living resources of ocean space may be conveniently distinguished into three categories:

- a) Seawater and minerals dissolved therein:
- b) Sea-floor deposits, and,
- c) Mineral deposits under the sea floor

There are about 50 quadrillion tons of a wide range of minerals dissolved in the world's oceans, exclusive of the water itself.

As an ore body, the ocean has the unusual characteristic of being replenished faster than world consumption of the minerals dissolved therein. Processes have been developed for the extraction of many of the minerals contained in seawater, but only five—sodium chloride (salt), bromine, magnesium, heavy water, and fresh water—are economically recovered on a significant scale at the present time. The commercial recovery of additional minerals from seawater before the end of the century is likely, but when this will take place will depend upon market conditions and the speed of technological advance. In this connection, it may be worthwhile noting that some marine organisms concentrate trace elements in their bodies by a factor of 10,000 to 100,000. Cultivation and harvesting of such organisms could perhaps provide a way of concentrating trace elements dissolved in seawater so that they can be commercially recovered by biochemical means. Fresh water is obtained from seawater by extracting the salt. It will probably become the most valuable product of seawater since industry and growing urban populations require ever-increasing quantities of fresh water, which many land areas cannot supply.

Sea-floor deposits include all unconsolidated sediments lying on the floor. Present commercial production comprises mainly sand, gravel, coral, and lime shells and relatively small quantities of tin, titanium, and iron sands. Potential sea-floor mineral resources are, however, immense and comprise both oozes and clays, phosphorite and manganese nodules, the rich muds and brines found in oceanic rift areas, and the newly-discovered polymetallic sulphides and cobalt crusts. Commercial development of some of these minerals—such as clays and oozes—is unlikely in the foreseeable future. Commercial production of marine phosphorite has been attempted, but has proved marginal due to the

competitive price and abundance of phosphate on land, while exploitation of mineral-rich muds and brines, polymetallic sulphides and manganese nodules awaits further technical advances and favourable market conditions.

As for resources under the sea floor, by far the most valuable are hydrocarbons. The offshore petroleum industry is expanding its activities and is moving aggressively in the polar regions and thrusting into ever-deeper waters. Sulphur is also being exploited on a minor scale. Continental-shelf rock contains a variety of hard minerals, from coal and iron to tin, but only relatively small quantities are mined.

Although the ocean-mining industry is still in its infancy, it already sets a theoretical limit to prices of many minerals extracted from land. The industry will certainly prosper, but its rate of growth will be affected by a variety of factors including: (a) intensity of research and rate of specific technological advance; (b) availability of the large investment capital required; (c) market demand and prices of competing land minerals; and, (d) in the case of minerals, political and strategic considerations.

I should also mention space as another inestimable advantage which the oceans now offer us. There have been many plans for sea cities, and these are certainly premature, but it is not premature to look, as the Netherlands has, to artificial islands close to the coast to relieve excessive urban and industrial congestion on land.

Uses of ocean space have changed, intensified, and diversified over the past thirty years, but we are on the eve of even more dramatic changes which will have far-reaching political and economic consequences.

The construction of sea islands on the model of the now-abandoned Netherlands project would transform working conditions and the quality of life in overcrowded cities blighted by polluting industries; the spread of ocean thermal energy conversion at a competitive cost and the development of practical methods to obtain energy from waves and currents could transform the economic prospects of poor island or coastal countries that do not possess hydrocarbons or coal; the large-scale development of hard mineral resources lying on the seabed will provide relatively inexpensive minerals for industry and ample benefits to some countries, but also vigorous, perhaps even ruinous, competition to some present producers; the growth of marine traffic, diversification in the types of merchant vessels and changes in their size and other characteristics benefit trade but also require more stringent

regulation of navigation; the expansion of military uses of the marine environment from the surface to the water column and to the seabed is a stabilising factor at the strategic level, but it utterly removes the marine privacy of coastal states that do not have sophisticated detection capabilities.

Commercial fisheries, in particular, deserve a brief comment. It is highly unlikely, even in the most favourable circumstances, that yields from stocks now commercially exploited—apart from unconventional species such as krill—can continue to rise for many more years under present conditions of exploitation. In the meantime, demand for fish increases in most parts of the world, technology related to fishing has advanced rapidly, and the capability to catch fish now sometimes greatly exceeds the most optimistically calculated maximum sustainable yields of some stocks. (In poor countries alone, for instance, commercial fishing fleets measured in terms of vessels over 100 gross tons increased fivefold between 1969 and 1979.) These, among other trends, have obviously endangered valuable stocks of fish, have rendered some new commercial fleets less profitable than they might otherwise be, and, on occasion, have caused subsistence fishermen to lose their livelihood with unfortunate social consequences. Equally important, contemporary trends in many fisheries clearly indicate the urgent need to accelerate the transition initiated on land with respect to agriculture three or four thousand years ago—from capture fisheries to fish farming and fish ranching. This will require in many poor countries an attention to the development of aquaculture and mariculture technologies at least as great as that given to the expansion of fishing fleets.

Finally, we must note that both the progress of technology and man's activities on land, in the sea, and, in turn perhaps, in outer space, could cause serious deterioration of the marine environment. I refer not only to the dangers of pollution but also to the fact that we possess the technology to cause far-reaching changes in the natural state of the marine environment far from the site of our activities.

It is obvious that our uses—and, even more, prospective uses—of ocean space have changed radically from what they were three and a half centuries ago when Hugo Grotius first propounded the revolutionary doctrine of freedom of the seas beyond a narrow coastal belt. Grotius based his doctrine of freedom of the sea on the fundamental principle that 'the sea is as insusceptible of physical appropriation as the air'.<sup>1</sup> Other explicit, or implicit, assumptions were (a) that only the

<sup>1</sup> Hugo Grotius, *Mare liberum*.

surface (and near-surface) of the sea would be used by man; (b) that significant uses of the sea would be few, essentially navigation and fishing; (c) that man could not seriously impair the quality of the marine environment; (d) that the oceans were sufficiently vast to accommodate all navigational uses without need for regulation; and (e) that the living resources of the sea were inexhaustible. Later Bynkershoek condensed the basic concept of traditional law of the sea in the famous formula '*terrae dominium finitur ubi finitur armorum vis*'<sup>2</sup> which half-a-century later Ferdinando Galiani suggested should be equated with three nautical miles. This was the standard adhered to, with some exceptions, by most states between the early nineteenth century and the end of World War I. Thereafter, the assumptions on which traditional Law of the Sea rested began to be eroded by changes in the political situation and by technological advance.

After World War II signs of the disintegration of traditional Law of the Sea began to surface everywhere. The 1945 Truman proclamations were followed by a veritable explosion of claims to jurisdiction in ocean space extending in some cases to 200 nautical miles from land and in 1951 the International Court of Justice in the Anglo-Norwegian Fisheries case demolished traditional restraints governing the drawing of straight baselines. At about the same time, the Soviet Union and its allies began actively to advocate a twelve-mile territorial sea and a few years later Indonesia and the Philippines began pressing their archipelagic claims.

The four 1958 Geneva Conventions on the Law of the Sea rejected most of the jurisdictional claims put forward in the previous decade and usefully codified many provisions of customary law. States, however, were unable to reach agreement on the breadth of the territorial sea and they accepted three important innovations in international law, which decisively influenced future developments: the concept of straight baselines of unlimited length; the concept of an imprecisely defined legal continental shelf and, finally, the idea that a coastal state has a legitimate interest in the conservation of marine living resources in unspecified areas beyond its territorial sea. Under these circumstances the Geneva conventions could not be expected significantly to delay the continued expansion of coastal state jurisdiction in the marine environment. It is scarcely necessary to recall in this connection the new Icelandic, Norwegian, Asian and African claims advanced in the early 1960s or the adoption by the United States of a 12-nautical mile

<sup>2</sup> Cornelius van Bynkershoek, *De dominio maris*.

exclusive fishery zone in 1966. Increasingly, the practice of states interpreted expansively the ambiguous definition of the legal continental shelf contained in the 1958 Convention and distinguished jurists were beginning to suggest that the exploitability criterion in the Convention could be interpreted as potentially permitting a complete division of the seabed of the oceans among coastal states. By the middle of the 1960s the bed of the North Sea had been divided among riparian states. There was talk that the bed of the Baltic and of other enclosed and semi-closed seas would be the object of division.

The visible disintegration of traditional Law of the Sea was a reflection not only of contingent political factors or of the profound change in the structure of international relations due to the massive entry of new nations into world affairs, but also of the need for far-reaching change in traditional law due to the intensification of man's use of the marine environment.

On land the degree of regulation tends to correspond to the intensity and variety of use in a particular area, to the abundance of resources with respect to demand and to the nature of technologies used. When uses are few and light, resources abundant and technologies primitive, regulation is often only of a general nature. As pressure on land and resources increases, as technologies become more powerful, regulation becomes more detailed and rights are increasingly balanced by obligations. This is a process that reflects not merely an evolution of social or legal concepts over time. It is also a reaction to changing circumstances which is essential for the welfare of society. A similar change was taking place in ocean space. States could not be expected to watch impassively the passage of unsafe tankers near their coasts or the depletion of coastal stocks of fish by foreign fishing fleets. Offshore exploitation of hydrocarbons and hard minerals and many other uses of the sea require the exercise of recognised authority to protect investments, control marine pollution and reconcile competing uses of the marine environment in ever wider areas. Nor could states be faulted if, with the progress of military technologies, they exhibit sensitivity to the presence of foreign naval vessels at some distance from the coast. After all, the purpose of the old cannon-shot rule, preferred by many in the eighteenth and nineteenth centuries to the three-mile limit of the territorial sea, was to ensure the security of the coastal state. As Martens, the distinguished Russian diplomat and jurist, wrote some ninety years ago, 'We must recognise that the limits of the territorial sea should change with changes in the range of cannon . . . if at present



cannons carry to 12 or 15 miles, the territorial sovereignty of modern states ought also to extend to 15 miles.<sup>3</sup> With the development of intercontinental missiles I wonder what width of the territorial sea Martens would have advocated today!

Under modern conditions, however, excessive expansion of the principle of territorial sovereignty in the seas is as obsolete as the traditional freedom of the seas. Many modern technologies require international cooperation at unprecedented levels if they are to be used with benefit to the user and without harm to others. Extension of national sovereignty, however far from the coast, cannot effectively protect national security from missiles and underwater intrusions or national privacy from satellite observation. Furthermore, while national authority can deal with some uses of ocean space such as extraction of mineral resources, it is also likely to hamper other uses of the sea, particularly those related to scientific research, navigation and overflight. The fragmentation of ocean space between more than one hundred different sovereignties with diverse approaches to ocean space issues could make difficult the carrying out of essential activities such as efficient management of many commercial fish stocks and effective control of marine pollution. Finally, just as in the past only a few strong maritime powers could fully profit from the traditional freedom of the seas, now only the relatively few countries with long coastlines fronting on the open seas can fully profit from indefinite continuance of the extension of national control in ocean space. This exacerbates inequalities between states.

In the situation as it existed in the 1960s, neither sovereignty nor traditional freedom were suitable to constitute the bases for a viable and reasonably equitable legal regime in ocean space. However, the only recognised alternative to a regime of freedom (*res communis*) was either territorial sovereignty or a regime of *res nullius* which permitted the acquisition of sovereignty or property rights over appropriable areas or things.

Pondering trends in the use of the seas and the developing practice of states, the government of Malta became convinced that it was impossible to arrest the disintegration of traditional Law of the Sea because the conditions which had made freedom of the high seas possible were changing rapidly.

Thus was developed the concept that ocean space and its resources

<sup>3</sup> F Fedorovitch Martens, *Traité de droit international*.

beyond the limits of national jurisdiction are the common heritage of mankind and that they should be administered by the international community through an intergovernmental organisation.

In the Maltese view, a common heritage regime beyond reasonable limits of national jurisdiction had become essential for three basic reasons. First, it was necessary to fill the jurisdictional void beyond the limits of national jurisdiction. If this were not done, the eventual division of ocean space among coastal states was inevitable and this would inflict irreparable injury to geographically disadvantaged states. Secondly, it was necessary to replace the *laissez-faire* system of freedom of the High Seas with a non-discriminatory international system of management. This would make possible the development of ocean space resources and the equitable sharing of the benefits derived therefrom for the benefit of all countries with particular regard to the interests and needs of poor countries. If this were not done, the marine area beyond national jurisdiction would be used and exploited primarily by technologically advanced countries possessing the required financial resources. Finally, a common heritage regime was necessary in order to establish a legal framework for the accommodation of the interaction between uses of ocean space within national jurisdiction and those outside national jurisdiction, for the improved protection of the marine environment and for the monitoring and general regulation of ocean space uses beyond national jurisdiction—including navigation, scientific research and certain technologies. Such a regime would ensure that these uses did not have a significant adverse impact on the interests of coastal states or of mankind as a whole.

Malta recognised that her aims were extremely ambitious. Therefore it was necessary to seek implementation of the common heritage principle in a manner that would provide all states with opportunities for the peaceful use of the marine environment and benefits not attainable through the mere expansion of coastal state jurisdiction.

For contingent reasons, the government of Malta, when it submitted its initial proposals to the United Nations in 1967, avoided questioning the traditional principle of freedom of the High Seas. Instead it focused its initiative on the question of the seabed beyond the limits of 'present' national jurisdiction, a subject only vaguely covered by existing international law. However, after the adoption by the United Nations of the *Declaration of Principles governing the seabed and ocean floor and the subsoil thereof beyond the limits of national jurisdiction*<sup>4</sup> and the

<sup>4</sup> United Nations General Assembly Resolution 2749 (XXV) of 17 December 1970.

United Nations General Assembly decision to convene a conference which would deal with all major issues relating to the Law of the Sea, Malta hastened to expand the scope of her proposals by suggesting the extension of the common heritage principle from the seabed to ocean space as a whole beyond the limits of national jurisdiction and the creation not merely of a seabed agency but of the international organisation for ocean space which would bring together the dispersed marine-related activities of the United Nations system.

This is certainly not the occasion to analyse once again the philosophical content of the common heritage principle or to comment upon the long, complicated and sometimes bitter negotiations on the Law of the Sea which were finally concluded in Jamaica in December 1982 with the signature of an historic convention.

The new convention has transformed the Law of the Sea. Important innovations range from the introduction into international law of the concepts of the exclusive economic zone, archipelagic waters and transit passage through straits used for international navigation, to the redefinition of the legal continental shelf, and the explicit recognition of scientific research and the construction of artificial islands as freedoms of the high seas.

Four points, however, deserve special mention.

This is the first time in history that the international community, 'conscious that the problems of ocean space are closely interrelated and need to be considered as a whole',<sup>5</sup> has attempted a comprehensive approach to the uses of the seas and to the problems of ocean space. Secondly, the scope of international law has been significantly enlarged through the assertion in the convention of a duty of international cooperation in the development and transfer of marine science and technology and through the elaboration of the concept of a comprehensive environmental Law of the Sea based on the obligation of all states to protect and preserve the marine environment. Thirdly, the 1982 Jamaica convention contains in Part XV and related annexes remarkably balanced, flexible and comprehensive dispute settlement provisions. If effectively implemented, these could constitute a most constructive development in international law. Finally, international acknowledgement that the seabed and its mineral resources enjoy a special legal status as a common heritage of mankind could mark a revolution not merely in the Law of the Sea but also in international

<sup>5</sup> United Nations General Assembly Resolution 2750 c (XXV) of 17 December 1970.

relations by changing the structural relationship between rich and poor countries and traditional concepts of economic aid.

It is no secret that I have been critical of the Jamaica convention, while recognising its many constructive features.

I certainly will not indulge now in a critique of the convention; that would be totally out of place here. I have no doubt that what was achieved was the best that could be negotiated under the circumstances. But we cannot close our eyes to the fact that the convention has serious shortcomings. I do not refer to some less than felicitous formulations, to some serious ambiguities and omissions or even to the fact that landlocked and geographically disadvantaged states have been treated with less than conspicuous fairness. The flaws are more fundamental: the convention fails to fill the jurisdictional void of the High Seas effectively or to set clear limits to the jurisdiction of coastal states in the marine environment, and secondly, the convention fails to implement the principle of common heritage of mankind in viable manner.

This statement may require a brief explanation. Part XI of the convention, and related annexes, is based on three fundamental assumptions; that deep seabed mining would consist almost exclusively of the harvesting of manganese nodules; that this could take place on a commercial scale only in the marine area beyond national jurisdiction; and, finally, that states and private companies intending to engage in seabed mining would be obliged to cooperate with the future International Seabed Authority because the latter had a near monopoly of commercially exploitable manganese nodule deposits. Voices pointing out that these assumptions were dubious were simply ignored, because, I assume, doing otherwise would have meant renegotiating from the beginning one of the most contentious parts of the convention. Unfortunately, it is now generally recognised that the three basic assumptions in Part XI of the convention do not correspond to reality; deep seabed mining will comprise at least the harvesting of polymetallic sulphides and cobalt crusts, and probably also mineral rich muds, in addition to manganese nodules; deep seabed mining will take place not only in the international seabed area, but also, and perhaps predominantly, within the expanded legal continental shelf sanctioned by the new convention, hence, the International Authority will enjoy no monopoly and will be obliged to develop the minerals of the international seabed area in difficult competition with a number of coastal states.

Fortunately, before concluding its work, the Conference on the Law

of the Sea adopted two resolutions postponing the implementation of many provisions concerning the mining of manganese nodules in the international seabed area. The first resolution establishes a Preparatory Commission of treaty signatories to draft seabed mining regulations that will interpret and clarify the treaty text. The second concerns the protection of investments made by pioneer investors in activities related to manganese nodule mining. These resolutions could give the Preparatory Commission the opportunity to draft provisions clarifying in a realistic manner some articles in the Convention Text. They could also develop rules on matters mentioned, but not stressed therein, such as joint ventures with the International Seabed Authority in the harvesting of manganese nodules or full participation of developing countries in marine scientific research conducted in the international seabed area.

Due to its fundamental flaws, the 1982 Jamaica convention is unlikely to have all the beneficial effects attributed to it. However, its historic significance will remain as an indication of the present state of the Law of the Sea and as marking a decisive step in the transition from a legal system in ocean space based on freedom to a system based on management of resources and regulation of uses.

A vital question remains. Will the emerging system of ocean space management permit continued competitive appropriation for national benefit of marine areas and resources and conflicting regulation of ocean space uses on the basis of the principle of sovereignty? Or will the international community recognise that ocean space beyond reasonable limits of national jurisdiction should be developed on the basis of international cooperation for the benefit of all?

As I have already remarked, the new convention does not clearly delimit national jurisdiction in the marine environment. Furthermore, the political, economic and technological forces propelling coastal states towards an eventual partition of the oceans have not lost their strength merely because of the existence of the convention. It is possible, therefore, that by the end of this century much of what remains of the High Seas—apart from remote or unexploitable areas—will be claimed by coastal states. We may then have a situation approximating that of five centuries ago when, following the papal grant in the bull *Inter caetera*, Spain and Portugal by the Treaty of Tordesillas in 1494 divided between themselves all seas and lands not already claimed by Christian kings.

Yet I am certain that under the stimulus of scientific and technologi-

cal advance a reaction will set in in due course. This, in a sense, is ironic. Scientific and technological advance were probably the decisive factors in setting in motion present expansionary trends in coastal state jurisdiction. But, as ocean space becomes integrated in man's living environment, as commercial navigation and other uses of the sea become subject to conflicting national regulations, as living resources of the seas under different national regimes come under increasing pressures, as military uses of the seas become all-pervasive, as powerful technologies are not only used but also misused, as marine pollution spreads, states through bitter experience gradually will discover that full, beneficial use of the marine environment for national purposes presupposes new forms of close international cooperation at least at the regional and in some cases at the global level. When this realisation becomes widespread, the tide of excessive nationalism will begin to recede. I do not think, however, that we shall see again, in the foreseeable future, a rebirth of the principle of freedom of the High Seas on the nineteenth-century model. For this principle is inappropriate, as Grotius himself would have recognised, where ocean space can be physically controlled and occupied. When the tide of nationalism turns, therefore, the international community will have to recognise a new basic principle of international law replacing the freedom of the High Seas so as to permit secure, flexible and equitable accommodation of marine uses and of national and international interests in the marine environment. At that time, an expanded concept of ocean space as a common heritage of mankind could become indispensable. Reciprocally, the concept of sovereignty could require redefinition in a functional sense.

Whatever the future may bring, one thing is certain. The problems of ocean space—like other aspects of the contemporary *problematique* of peace and economic development—cannot be dealt with successfully through the protection of national interests alone. International cooperation is required at a level transcending that already occurring with in the United Nations system. Such cooperation, desirable for general reasons of world order, should become a high priority for countries lacking the financial resources and technological capabilities of the major powers. For, only through far-reaching international cooperation, sensitive to ideological diversities, are the national advantages of the strong made to serve the needs of the international community as a whole.

A new order in ocean space is inevitable. The new order, like



traditional Law of the Sea, will favour only a handful of States unless poor countries make a coordinated effort in the Preparatory Commission of the Seabed Authority and in other forums to ensure that the concept of common heritage of mankind is implemented responsibly and meaningfully in the difficult years ahead.

If this is done, I have no doubts. The present Convention on the Law of the Sea will be remembered as marking the beginning of the long process that will eventually lead to a more equitable world order and to a better use of the marine environment in the interests and for the benefit of all.

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# Third World Prize 1983

## Citation

On 17 August 1967, Ambassador Arvid Pardo as Permanent Representative of Malta to the United Nations undertook an independent initiative on behalf of his country by requesting in a historic statement in the First Committee the inclusion of a supplementary item on the agenda of the General Assembly, namely:

Declaration and treaty concerning the reservation for peaceful purposes of the seabed and the ocean floor, underlying the seas beyond the limits of present national jurisdiction, and the use of their resources in the interests of mankind.

Pardo's initiative was a bold addition to trends already under way. It resulted substantially from his own initiative and interest in the subject, and was made on behalf of Malta alone, not as a product of planning by any group of states. It was designed to stimulate action on internationalisation of the deep seabed before advancing technology made exploitation possible and resulted in a proliferation of ever larger national claims.

He proposed to resolve the dilemma by a declaration that the seabed and ocean floor were 'a common heritage of mankind' and by a treaty containing provisions to make this common heritage operational.

Pardo's initiative separated the seabed from the general matrix of ocean issues and successfully established it as an important focus of concern. It gave momentum to the idea of the common heritage of mankind by linking it to the needs and interests of developing countries. It raised the vision of a new type of international organisation that would give economic benefits and political power to the developing countries as a means of restoring the balance between them and developed countries. It raised the banner against technological imperialism, of both economic and the military variety.

This eminent role of Pardo gave concrete shape to the general commitment of the Group of 77 to strengthening international organisation as a means of redressing the economic and political balance between developed and developing countries. As did Grotius three and a half centuries earlier, Pardo exercised effectively his talents both of scholarship and advocacy to persuade the world of the benefits to be gained from a restructuring of the Maritime Legal Order. This he did at the most opportune time, and the single-mindedness with which he put



forward and pursued his ideas year after year with brilliant statements at the General Assembly, put underway the process that culminated fifteen years later in the adoption of the Law of the Sea Convention.

Arvid Pardo was born in Rome on 12 February 1914 and was educated at the Università degli Studi, Rome, and the Université de Tours. He served the UN from 1945 to 1964. In 1965 he was appointed Permanent Representative of Malta to the UN, which post he held till June 1971, being concurrently Ambassador to USA, USSR, and High Commissioner to Canada.

Since 1975 he has been associated with the University of Southern California, where he is professor of international relations and Senior Research Fellow, Institute of Marine and Coastal Studies.

Since the policy initiative taken by Pardo in 1967 was in the universal forum of the world community, the United Nations General Assembly, it placed the regime for the deep seabed firmly within the framework of an international organisation, leading to the establishment of international machinery to put into effect the principle of the common heritage of mankind. The 1970 Declaration of Principles, which was in many respects a culmination of the process started by Pardo in 1967, embodied all the most important points of his original proposal, the international seabed as the common heritage, the principles of non-appropriation by states, use of seabed resources to promote development, reservation of the area for peaceful purposes, and the establishment of an international regime and machinery.

The signing of the Law of the Sea Convention by 130 states at Montego Bay, Jamaica, in December 1982, has been aptly described as the most important international legal instrument of this century, which provides a regime for three-quarters of the earth's surface, declaring the only valid law of the ocean space. It has established a valuable precedent for the future relations between North and South, East and West. The Convention in proclaiming the seabed beyond national jurisdiction to be the common heritage of mankind has taken a decisive step in the North-South dialogue, towards the establishment of a New Order, providing fair and workable institutions. In the post-war era the Convention is the most single and major achievement of Third World countries and a major step forward by all countries towards a more ordered world.

Arvid Pardo, however, still reaches beyond the consensus which the international community has been able to grasp. Like all great pioneers he has not lost the vision of his early years. His efforts and those of

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others will continue. History will not fail to place him in the line of those outstanding figures who have upgraded our civilisation, and contributed greatly to Third World development in the economic and political fields.

The Third World Prize Selection Committee is proud to award to Arvid Pardo the Third World Prize for 1983.

## The Conquest of Space: a few political, economic and sociocultural considerations

In order to survive, mankind has always had to defend itself against the vagaries of nature and certain species of animals, while hunting other species for food. Man has, therefore, been conditioned from the very beginning by a defensive attitude towards nature. Despite his achievements across the millennia in mastering nature, man has always subconsciously adopted the attitude of the conqueror of his own sphere, the spheres of others and, today, the cosmos. We talk about the 'conquest' or the 'colonisation' of space.<sup>1</sup> This creates an ethical and philosophical problem that raises the issue of the purpose of this conquest, and how it relates to man's priorities on earth.

Concepts and the value system that fashion science are in a state of great flux today. However impressive scientific discoveries and technological achievements may be, they only fully take on significance when placed in the context of this transformation. Ilya Prigogine, Nobel Prize winner for Physics, links this transformation to attempts to cast off the 'Newtonian myth', and he glimpses 'a convergence' of at least three fundamental themes: 'time', 'innovative activity', and 'qualitative diversity'. These are extremely useful themes for the analysis of the problem of space, particularly if one bears in mind Prigogine's following conclusion: 'Science can no longer claim the right to deny the relevance and interest of other points of view, and least of all can it refuse to listen to the viewpoints of the human sciences, philosophy and art'.<sup>2</sup>

Those who design and finance space research strategies have quite different concerns. The main concern, as far as space programmes are concerned, is 'conquest', with all the implications of power and pre-eminence encompassing the military, political, scientific, economic and sociocultural spheres. Let it be said at once, to avoid any misunderstandings, that this in no way belittles the spirit of creativity,

<sup>1</sup> The Subject Catalogue of the American Library of Congress contains 13 entries under the term 'space', including 'space colonies' and 'colonisation of space'.

<sup>2</sup> Ilya Prigogine and Isabelle Stengers, *La Nouvelle Alliance, Métamorphose de la Science*, Paris: Gallimard, 1979, p 24.

the scientific rigour, the courage, the devotion, the passion and the hard work of the scientists and technicians involved, without which science, technology and our knowledge of the universe could never have made the astonishing strides ahead that they have.

It is this dualism—space as an instrument of power and destruction, and even extermination, on the one hand, and on the other, space as a factor of progress—that makes it extremely difficult to study the question. To tackle this question one has to be modest and prudent, not only because of its conceptual and physical scope but also because of the ethical and deontological problems surrounding it, for the formulation of which the first attempts are only now being made. We are far from having any answers as yet, because we are still not adequately acquainted with the questions. This disarray at the level of ideas and intents does not, however, prevent the 'conquest' of space from continuing to take its course. The rationale of politics does not always go along harmoniously with science, let alone with philosophy or ethics.

### **Political Considerations**

The exploration of space through the imagination, the philosophical and scientific speculation about what lies beyond this Earth, the internalisation of the universe in spiritual terms, and the study of the heavenly bodies by astrologers, astronomers, mathematicians and physicists have been the constants of civilisation, and are the products of man's curiosity and creativity. The genuinely operational developments that triggered off the conquest of space, however, only date back some forty years when the V2 rockets<sup>3</sup> were built by Germany during World War II.

#### **The pre-eminence of power and military objectives**

The first political consideration is that the conquest of space owes its origins to scientific research at the service of politics, for military purposes to establish power. This is yet another constant, which is far more recent than the constants we mentioned above, and it has to be

<sup>3</sup> The development of rockets had been recommended for space travel ever since the end of the nineteenth century by a Russian mathematician, Konstantin Tsiolkovski. A group of German research workers, led by Herman Oberth, carried out scientific work in the field during the 1920s, while an American physicist, Robert Goddard, was working on rockets to send scientific instruments into space. These were the wholly differing concerns that lay behind the design and construction of the V2s.

borne in mind for a current analysis of the economic, scientific and sociocultural implications of the conquest of space.

It is therefore easy to see why one of the Allies' primary objectives when Germany was occupied was to capture the V2s and the researchers involved in their construction. This greatly contributed to Soviet and American research. On 4 October 1957, the Soviet Union placed Sputnik 1 in orbit, and on 31 January 1958 the United States became a space power when it launched Explorer 1.

The success of Sputnik 1 was seen worldwide, and particularly in the United States, as a demonstration of political, scientific and military power. Less than a year later, on 1 October 1958, one of the institutions that has greatly influenced space research developments since then came into being: NASA (National Aeronautics and Space Administration). The creation of NASA was the result of a political design<sup>4</sup> to stand up to another political design.<sup>5</sup> The race for the conquest of space is, and will continue to be a matter for the major powers alone for several years, if not several decades to come.

There are many political considerations raised by the conquest of space: power, military superiority, intelligence (espionage), the control of the information and telecommunications sectors, cultural influence, scientific research and civilian applications in the shape of technological spinoffs. The actual notion of what is 'political' has taken on other meanings which are very different from the traditional concepts of the political field. Our intention is not to examine all these aspects because we are not competent to do so, and because we do not have access to all the data we would require; and also because far better-qualified people have to deliver communications on some of these issues.

### **The 'critical mass'—a condition for admission to the space club**

The race for the conquest of space is currently inseparable from the modern arms race, which depends on the technological developments of space science. As we said earlier, this is where the power-sharing borderline lies between the major powers. The number of members of the space club is most unlikely to grow beyond about fifteen before the end of the century, because, to become a member, huge scientific, technological, military and financial resources are required. In a word: a critical mass. This is one of the first lessons one draws from the political

<sup>4</sup> See John M Logsdon, 'L'évolution de la politique spatiale américaine de 1957 à 1980' in *Futuribles* (38) November 1980.

<sup>5</sup> See Alain Dupas, 'La politique spatiale de l'Union Soviétique et des pays socialistes', *ibid.*

analysis of 'space'. There is not room in 'space' for groupings of less than 200 million inhabitants.<sup>6</sup> Western Europe realised this back in the 1960s, when it created technical regional institutions for space research (ESRO) and for satellite launching (ELDO) which paved the way for the establishment of the European Space Agency in 1975, which now has eleven members.

The space club comprises two groups: the superpowers, which are completely independent in scientific and technological terms, and who invest between them 95 per cent of the aggregate financial and human resources spent on this sector. It has its own rules of 'fair play' dating back to 1962 when both countries signed a cooperation and information exchange agreement in several fields of space research. Other agreements followed, such as SALT 1 (1972) and SALT 2 (1979), which regulated the use of reconnaissance satellites.<sup>7</sup> This cooperation has never really been affected by the ups and downs of the international situation.<sup>8</sup>

The second group in the club is made up of those countries with sufficient technological and scientific capacity to implement space programmes, and which have acquired satellite launching autonomy, but whose volume of space activities is very small compared with those of the superpowers. The members of group two are Western Europe, Japan, China and India. These countries have created their own launching rockets, and have placed satellites manufactured by themselves in orbit. Note that these are countries that also have their own nuclear weapons. Pakistan, Indonesia, Brazil and Argentina will be joining this group before the end of this decade. Inside the space club, a trip around the world becomes very rapid—six space powers, but with a total population exceeding half of the world's population. What will happen to the others? What part will they have in this conquest of space? Will there exist those who are 'cursed in space' as there are the 'cursed on earth'? Will they be the same ones? This is what the political debate is all about, and it concerns the whole of mankind. For the moment, it is obvious that the development of space power on one side increases the political, military, economic and sociocultural dependence

<sup>6</sup> Perhaps the exception here is Japan, because of its scientific and technological potential, and its economic possibilities; but even so, it is the seventh most highly populated country in the world. Two other exceptions might be Indonesia (160m) and Brazil (130m) which are the fourth and fifth most highly populated countries, respectively, after China, India, the USSR and the US.

<sup>7</sup> The superpowers monopolise these satellites; the Soviet Union has launched 500 and United States 250, and China is the only other country that has launched a few (5 or 6).

<sup>8</sup> See Jean-Pierre Clerk, 'Les sentinelles de la frontière d'en haut', *Le Monde* (Paris) 2-4 August 1983.

of the others, and further deepens the rift between the haves and have-nots.

**Information: the object, means and purpose of space activities**

The conquest of space has revealed one very important political factor. Whether one is dealing with fostering research, designing new technologies, military strategy, building space weapons, reconnaissance, scientific observation telecommunications satellites, or any civil or military application, cultural influence, or political or economic interests—everything, in the space field, can be reduced to one word: information. The conquest of space is the development of the capacity to gather, process, use and update information with increasing reliability, effectiveness and speed. More than half the technological effort that goes into space projects has to do with information. As André Lebeau has said:

The satellite, whatever its mission, is primarily a link which receives information and retransmits it to one or more earth stations. The growth of information transactions is a fundamental aspect of technological and economic development. It takes concrete form in two technologies: information and telecommunications.\*

The political considerations can therefore be summarised as a political will at the service of power, with military power in the first place, a demographic and economic critical mass, a great scientific and technological capacity, and a real information and communication strategy.

**The Economic Dimension**

The economic dimension of the conquest of space may be examined from three points of view: the cost of space activities, their induced effects through civil applications and the transformations they cause to the economic structures.

**The cost of space activities**

It is very difficult to study costs and budgets, because information available is scarce and sometimes non-existent. What does exist is not always complete, and in most cases the data on military activities are minimised or camouflaged for security reasons. One therefore has to extrapolate to gain an approximate idea, and the margin of error (more likely in default than in excess) may be considerable. But what is most

\* L'Espace: enjeu et perspectives', in *Les Enjeux de l'Espace*, Cahiers Français (206-207) May-September 1982, Documentation Française.

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important is the order of magnitude. This order of magnitude may be established on the basis of various official statistics in the United States and Western Europe, but in the case of the Soviet Union, one has to consult the studies of the US Congress and the rough estimates made by researchers. We have opted for a very simple method—using the official

**Table 1: United States Official Space Budgets 1959–82 (\$ millions),**

Year	Civilian	Military	Total
1959	261	489	750
1960	461	560	1,021
1961	926	813	1,739
1962	1,796	1,298	3,094
1963	3,626	1,549	5,175
1964	5,016	1,599	6,615
1965	5,137	1,573	6,710
1966	5,064	1,688	6,752
1967	4,830	1,663	6,493
1968	4,430	1,921	6,351
1969	3,822	2,013	5,835
1970	3,547	1,678	5,225
1971	3,101	1,512	4,613
1972	3,071	1,407	4,478
1973	3,093	1,623	4,716
1974	2,758	1,766	4,524
1975	2,915	1,892	4,807
1976	3,225	1,983	5,208
1977	3,440	2,411	5,851
1978	3,622	2,728	6,350
1979	4,032	3,250	7,282
1980	4,386	4,023	8,409
1981	4,989	4,669	9,658
1982	5,730	5,824	11,554
Total 1959–82	83,278	49,932	133,210

(Civilian = NASA; Military = Department of Defense)

Source: The Library of Congress, Report No. 81–27 S, taken from *Les Enjeux de l'Espace*, *op cit*, p 84.

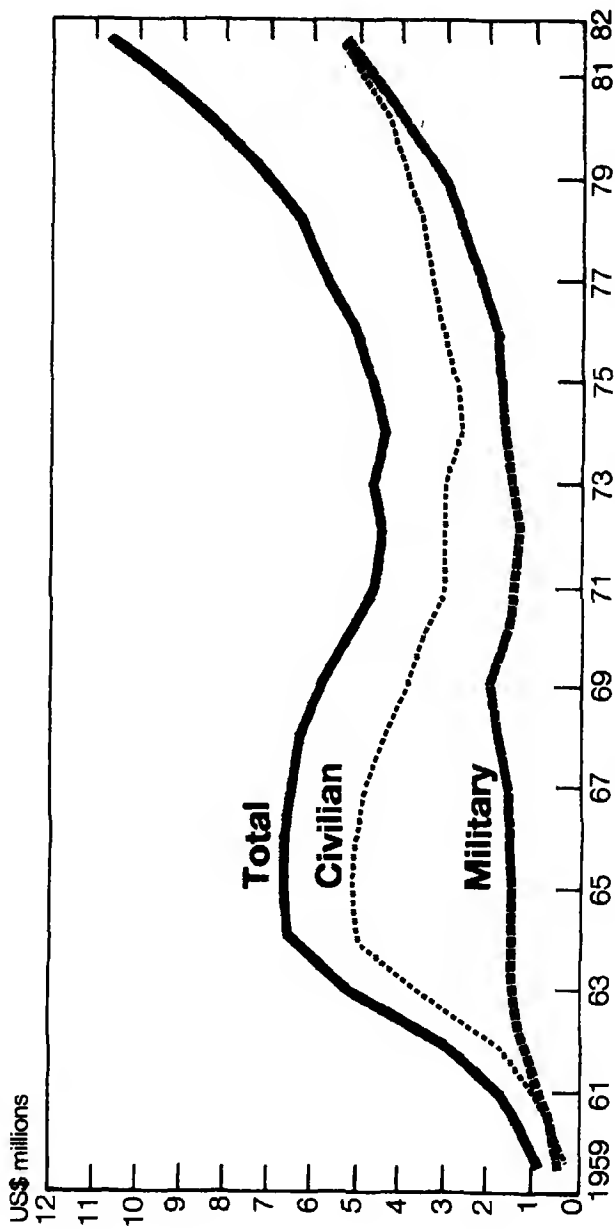


statistics that exist, and assuming that the financial effort of the Soviet Union is around the same order of magnitude as that of the United States.

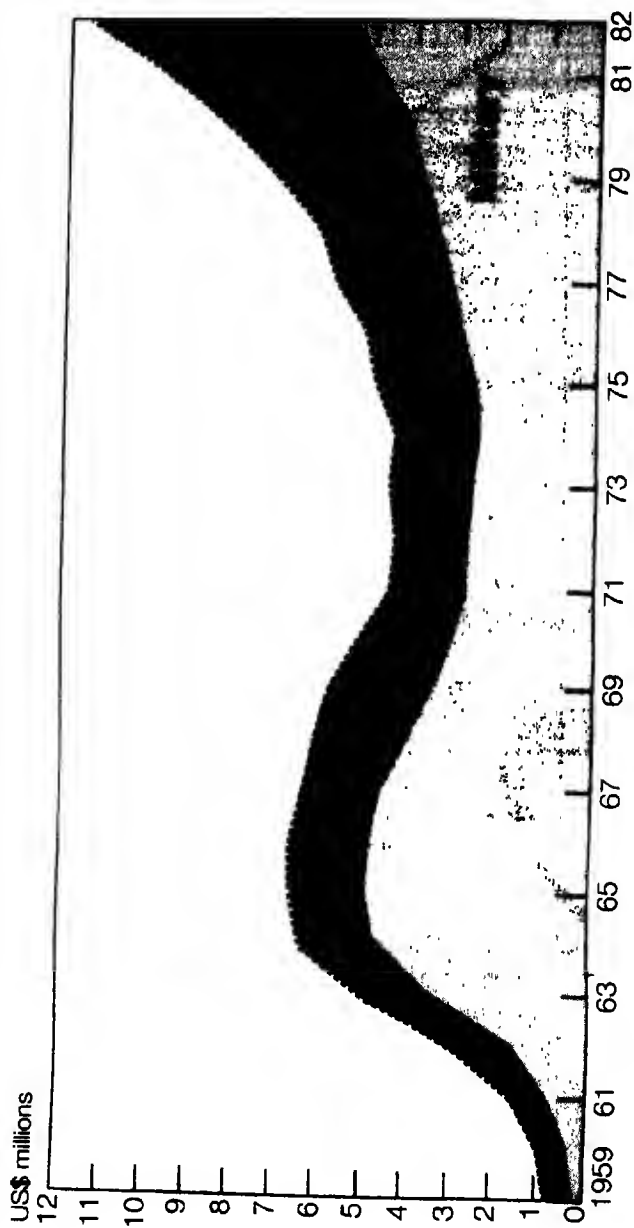
The United States space budgets give us some idea of the investment required to conquer space, and their growth reflects the tensions and competition that exists between the two superpowers. Table 1 sets out the figures of the official budgets (civilian and military) of the United States between 1959 and 1982. The grand total over these 24 years is \$133,210 million. Figure 1 shows the strong boost given to the civilian budget between 1961 and 1964 after President Kennedy undertook in May 1961 to put a man on the moon before the end of the decade. This is when the \$25,000m Apollo programme was launched. It was thanks to Apollo 11 that our distinguished colleague Neil Armstrong was able to land on the moon on 20 July 1969, and spend 21' 36" there, and tread 400 metres of the moon's surface for 2' 13".

The United States space budget, taken as a whole, remained stationary and even slipped back after 1967. Only 11 years later, in 1978, did it once again break the \$6,000m per annum mark. It only took another 4 years—from 1978 to 1982—to double this figure to \$11,500m. As Figure 2 shows, the civilian and military budgets followed very different courses over this 25 year period. The civilian budget regularly fell from 1965, and only began to rise again after 1976 when the shuttle programme was inaugurated. But it was only in 1982 that the civilian budget topped the 1965 record, only because it was realised that for the first time, the official military budget had overtaken it. The steady increase in the military budget has been a constant feature of all the space budgets, whether American or otherwise.

It is, of course, a simple matter to analyse data when they are available, as in the United States budget. But it is much more difficult to study the Soviet expenditures. Since no official figures exist, one is forced to refer to a combination of indicators, such as the number of space launches carried out, the payloads launched (see Table 2), the new technologies developed, and the manpower resources employed in the space sector. The latter indicator is quite interesting, because it shows that the Soviet Union employs 600,000 people in the space sector, while the United States only employs 150,000. One also has to take account of the fact that the Soviet programmes are almost exclusively for military and scientific ends, without any concern for commercial aspects. By extrapolating from these parameters, one concludes that Soviet space expenditure must be more or less as great as

**Figure 1: United States space budgets**

**Figure 2: United States space budgets (1959-82)**



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**Table 2: Payloads Launched Successfully Between 1957 and End of 1982**

Country	Successful Launchings	% of world total	No. Operation end 1982	% of world total
USSR	2069	66%	102	35%
US	997	32%	183	63%
Others*	59	2%	7	2%
* Total	3125	100%	292**	100%

Notes: \*This covers France (19), Japan (18), China (9), Italy (9), India (2), Indonesia (1) and Australia.

\*\*Out of 14,000 objects sent into space since 1957, a total of 4,914, a little more than a third, remain in orbit. However, out of these 4,914 objects, only 290 were operational at that date.

Source: *Les Enjeux de l'Espace*, Documentation Française, 1982 and *National Geophysics Magazine*, September 1983.

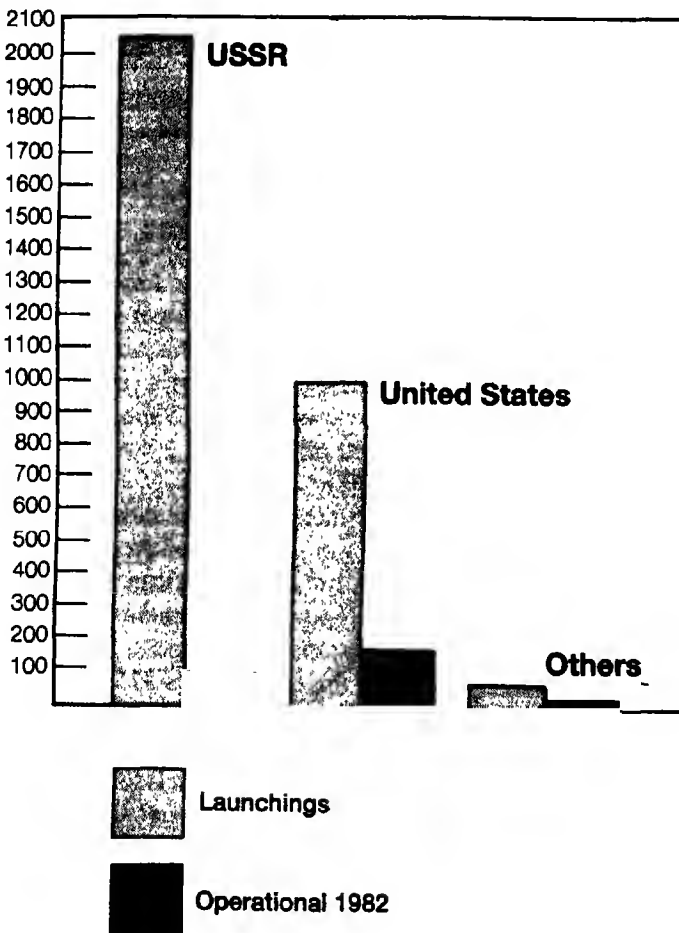
that of the United States. The American budget also has to be revised, for it is estimated that the Defense Department budget is understated by at least one-third.<sup>10</sup> If allowance is made for this adjustment, the 1982 figure for the United States comes to \$15,000m, a similar figure of that of the Soviet Union, while the rest of the world spent \$2,000m,<sup>11</sup> making an aggregate total of \$32,000 million. For 1984, world space expenditure should be around \$45,000m.

The conquest of space is a costly business. It is beyond the reach of the vast majority of the international community. Major programmes like Apollo, the Soviet Salyut station or the American shuttle programme require 8 to 10 years to develop, with investments of \$20,000m on average per project. The European Spacelab project cost \$1,000m, as did the development of Ariane. It costs \$75m every time the United States shuttle is launched, and 300 million French francs to launch Ariane. A communications satellite like Intelsat V will cost \$35m. Arabsat will cost over \$200m, of which \$140m is for the purchase of three satellites. During the current year, the Soviet Union and the United States alone will spend over \$4 million per hour between them

<sup>10</sup> Alain Dupas, *op. cit.* p 84 estimates that 60 per cent of the United States space programme is military, and that the Soviet Union's is two third military. According to Dupas, 'the Soviets are currently devoting more than the Americans to their space activities' (p 87).

<sup>11</sup> Western Europe (\$1,000m), Japan (\$500m), China and India (\$500m, estimated).

**Figure 3: Payload launched successfully  
(1957-82)**



on space research. This makes \$100 million per day, spent on space—95 per cent of the total world expenditure. The level of these investments is far more than an indication of the financial resources available to the space powers, it is also a political, military and technological indicator of the innovatory capacity of their research and development structures, and the expertise of their scholars and technicians.

This cost analysis leads us to one very elementary conclusion. The conquest of space is not within reach of everybody. It requires human capital, scientific research, technological skill, an economy of scale, financial resources and a military potential that only a tiny number of countries possess. For several decades to come the world will be divided between the conquerors of space and the consumers of the spin-offs of this conquest. There will be space landlords and space tenants. Space cannot be bought with money. Several countries have to buy satellites and rent launchers to place them into orbit. 'Turnkey' space projects are not a solution. Investment in human resources and endogenous scientific research, coupled with a sub-regional and regional cooperation policy able to reach a critical mass, are the only viable formulae in time and in space.

### **Induced effects and rate of return**

The economic study of space activities is a very new phenomenon. Originally, space was conquered for strategic reasons only, and therefore no one thought in terms of its economic rate of return, or its commercial implications. The commercial performance of communication and observation satellites has opened up a new perspective. This has been strengthened by the American space shuttle which, being retrievable, can be re-used a hundred times over, cutting down space waste,<sup>12</sup> and will open up the path to the industrialisation of space. Thoughts are already turning to the amortisation of space investment and the development of commercial strategies.

According to André Lebeau and Karl Egon Reuter: 'Today, attempts are no longer being made to give a new boost to a movement for economic applications, now that it draws its dynamism from other sources; economic objectives form the main motive force behind the space effort.'<sup>13</sup> Although economic objectives have become the motive

<sup>12</sup> After the Apollo programme, the material left behind on the moon by the Americans (modules, jeeps, etc) was reckoned to be worth just under \$1,000 million.

<sup>13</sup> 'Le Rôle de l'Espace dans le Développement Economique', *Futuribles*, (38) November 1980.

force, the strategic and military objective is still the heart and soul of at least two-thirds of all space activities.

Despite the great lags (7 to 15 years) between the moment space technologies are discovered and the moment they are 'declassified' for civil use, economics has made its debut in space, and its role will continue to grow. One of the indicators of the economic magnitude of space activities is the breakdown of civil satellites by function. At present, the situation is as follows:

Communication	60%
Earth observation	30%
Scientific experiments	10%

The preponderance of communication satellites is one of the reasons why we consider information as a political datum of the conquest of space before considering it from the economic point of view.<sup>14</sup> One of the first commercial space ventures was in 1962, when the United States ATT corporation financed the first communication satellite, Telstar 1, for the intercontinental transmission of television broadcasts. The satellite belonged to the privately owned corporation, but the government paid for the launch.

All the economic analyses, studies and projections agree on one thing: information is already the main source of income from space use, and will remain so for the next 30 to 40 years. The annual turnover of the information industry today is \$150,000 million, and by the year 2000, it will account for 40 per cent of the value added of the world communications industry. A study conducted in the United States on the estimated incomes from the industrialisation of space put the figure at \$10,000 million by 1990, \$40,000 million by 2000 and \$150,000 million by 2010. Information should be the sole source of these revenues up to 1995, and will still represent 50 per cent by 2010, when the supply of solar energy and materials manufacture would account for 35 per cent and 10 per cent, respectively, of the total revenues.<sup>15</sup>

Communication satellites already earn between \$2,000 million and \$3,000 million per year. Over 120 communication satellites have been placed in orbit over the past 10 years: three-quarters of them are still operational. People are already talking about 'crowding', and the International Telecommunication Union considers 'radio frequencies

<sup>14</sup> See Mahdi Elmandjra, *Information et Souveraineté*, Académie du Royaume du Maroc, March 1983.

<sup>15</sup> Study conducted by Science Applications Inc. for NASA, and quoted by Jesco Von Puttmaker in 'The Industrialization Transcending the Limits to Growth', *The Futurist*, June 1979, p 93 (the figures have been adjusted to the 1984 value of the dollar).

and geostationary orbits to be limited natural resources'.<sup>16</sup> Arianespace expects a turnover of 1,600 million francs in 1984, and its order book is full. Space has become big business. Soon, it will be the centre of major industrial developments, and a considerable source of energy for the earth.

Jesco von Puttmaker, the head of NASA's space industrialisation programme and long-term planning, has explained the objectives of industrialisation in the following terms:

The long-term objective of space industrialisation is the expansion—and hence the survival—of mankind. There are three shorter-term objectives; i) to supply space-derived services for which agencies, industries and the public are willing to pay; ii) to supply space-derived products which can be sold at a profit, and, iii) to supply space energy.<sup>17</sup>

By 1990, more than 200 more satellites will be put into orbit. Unless the Soviet Union leases the services of its launchers, only the United States, Europe and Japan (after 1988 when the H 4 rocket will become operational) will be able to meet the market demand. The privatisation of the space sector, which began with Telstar 1, is continuing in the United States and Europe, but it is still in its early days. The Arianespace company, which comprises the Centre National des Etudes Spatiales Français, 36 European aerospace companies and 13 leading European banks, has become 'since 1983 the only private concern in the world with such responsibilities for large rockets. For although private companies are commissioned to manufacture the rockets, in the US in particular, they do not yet have the ability to launch them'.<sup>18</sup> Space has helped to create 7,500 jobs in France (about 2,000 million francs). In the US, the private sector is preparing to thrust its way into the marketing of space services and products. In March 1983, President Reagan asked the Department of Commerce, which is responsible for managing and operating American meteorological and earth observation satellites, to examine the possibility of selling them. Eighteen companies came forward to buy them. The project is still under study.<sup>19</sup>

Last year a meeting was held in New York at which seventeen of the leading companies working in the space sector were represented. The purpose of the conference was 'to make a concrete investigation of

<sup>16</sup> See Thomas O'Toole, 'A glut of communications satellites', *New York Herald Tribune*, 26 January 1984.

<sup>17</sup> 'The Industrialisation Transcending the Limits to Growth', in *The Futurist*, June 1979, p 93.

<sup>18</sup> Pierre Langereaux, '25 ans de fusées dans le monde', in *Les Enjeux de l'Espace*, *op. cit.*

<sup>19</sup> See *New York Times* (New York) 28 August 1983.



commercial ventures rather than outline the research and development which presently abounds on this topic'.<sup>20</sup> In September 1983, the American firm, Fairchild Space and Electronics Co, concluded an agreement with NASA to put Leascraft into service in 1987. This will be the first recoverable space platform to be managed commercially. It will be put into orbit by the shuttle. NASA has already indicated that it is willing to absorb some of the costs of industrial space ventures by offering free launching facilities for satellites, if the projects are commercially viable.

One thing that is noticeable about the US and Western Europe is that public space expenditure is encouraging the development of advanced technology in the private sector, and is preparing the way for private enterprise to take an active part in the commercial exploitation of these technologies. Civil applications from the spin-offs of space research are still few and far between, but important spin-offs have already been gained in other sectors of the economy (automobile industry, shipping, transport, telephone, television, food, medicine, informatics, robotics, telematics, fisheries, oil industry, urban management, etc.). Appendix II contains a table giving examples of space technology transfers to other sectors of activity in Europe. The table is taken from the survey conducted by the Office of Theoretical and Applied Economics, University of Strasbourg (1980) on the European space industry.<sup>21</sup>

The combined effects of the information revolution and the developments of space research will have the greatest effect on the way society is going to develop. These will be qualitative changes, produced by scientific creativity and technological innovation. These changes will gradually (too gradually) affect mental structures, and find fertile terrain in the military sector in a tiny number of countries; and then they will have repercussions on the structures and activities of the major multinational corporations which have a great capacity for adaptation. They have already begun to change the economic and industrial structures, and world trading practices.

Space has been marketed on stock exchanges for twenty years.<sup>22</sup> Yet

<sup>20</sup> 'Industry enters the space age', *Futurific*, 11 November 1983, p 4.

<sup>21</sup> This survey was conducted by P Brendle, P Cohendet and R L De Tourenemine, under the direction of J P Fitoussi, and was presented at a Council of Europe Symposium on 'Economic Effects of Space and Other Advanced Technologies' in April 1980. The authors of the survey also presented it in the magazine *Futuribles*, (38) November 1980, from which the table in Annex II of this paper has been taken.

<sup>22</sup> Comsat (Communication Satellite Corporation) was created in the United States in 1964 with government support, and since 1970 it has regularly paid dividends to its shareholders.

the number of industrial firms which manage to break into this sector is very small. Generally they are firms that work regularly with the defence and army authorities (the linkage between space and military activities is standard practice). There are reckoned to be about twenty companies in the United States and about a dozen in Europe at the very most. Western Europe's space industry is grouped into three consortia.<sup>23</sup> Once again, we find the 'critical mass' principle which applies equally to privately-owned firms as it does to countries.

Civil applications of space technologies are going to hasten the transformation of economic structures, especially after the end of this decade. The list of the applications grows longer every day. It is far too long to reproduce in this paper. It ranges from telecommunications and meteorology to agriculture and cartography, remote sensing of natural resources and medical research, the manufacture of products and materials in space, radiology and energy transmission. The economic rate of return on space activity investments is virtually taken for granted today. This can be seen in telecommunications, better weather forecasts, and the quality and selling price of space images (a space image is equivalent to about 4,000 aerial photographs).

The European Spacelab scientific laboratory cost about 1,000 million dollars. Its performance during the December 1983 flight was remarkable; if the data on the seventy-two scientific experiments it transmitted back to earth were lined up character by character, they would link the earth to the moon! Quite enough to keep research workers busy for a few years to come. Developments of this kind lead to structural changes in scientific research which then rebound on the economic and sociocultural structures. Spacelab is therefore going to become big business, because governments and privately-owned companies will be able to hire their services at the rate of around \$7,000 for each kilogram of payload transported.<sup>24</sup>

Space has become profitable for those who control it; if it was not, they would not be sending up one satellite each month on average to stay in geostationary orbit 36,000 km from earth. The pharmaceutical industry would not be investing millions of dollars in separation by electrophoresis for the manufacture of thirty or more products in orbiting factories with an annual turnover that should reach \$30,000

<sup>23</sup> Cosmos, Mesh and Star. See Gérard Desseigne, 'Espace et Industrie', *Futuribles*, (38) November 1980, p 89.

<sup>24</sup> This figure (\$3,000 per pound) is set out in the NASA agreement; see *Time*, 28 November 1983, p 49.

million by the year 2000.<sup>25</sup> This figure gives us an inkling of the economic changes that are already taking place, and those to come; in about fifteen years, the annual turnover of just one industry, the pharmaceutical industry, will draw level with the aggregate world expenditure on space in 1982!

### **Sociocultural Aspects**

The profitability of space is not just economic; it is also political,<sup>26</sup> because of the prestige with which the general public views any achievement connected with space. But is it in any way profitable in sociocultural terms? This would be more difficult to prove. The conquest of space does not take account of its social relevance; it is little concerned with the quality of life and is hardly interested at all in the effects of this conquest on value systems.

#### **The absence of sociocultural innovation**

There is an enormous gap, a gulf, a 'black hole', between the weight accorded to military and economic considerations in space policies, and that accorded to the sociocultural sphere. This is a reflection of the inability of the societies concerned to adapt to the sociocultural changes that are taking place, and even less to guide them according to a scale of values, of ethical parameters and a set of goals for the enhancement of people's well-being and self-fulfilment, and to create the conditions required for peace. This gap is being continually widened, because mankind as a whole has not yet proved itself capable of implementing the same degree of sociocultural innovation that has been introduced in the scientific and technological fields.<sup>27</sup> Psychology teaches us that the extension of space reduces conflicts in a group. The extension of our space, thanks to scientific progress, seems to be doing the opposite, and increasing conflicts. Satellites make it necessary to build anti-satellites, and these require anti-anti-satellites . . . Geostationary orbits are ideal

<sup>25</sup> The manufacture of products like antibiotics, insulin, etc., is 700 times more effective under weightless conditions than on earth. See Albert Ducrog, 'Les médicaments venus de l'espace', in *Science et Avenir* (439) September 1983.

<sup>26</sup> The latest illustration of this is the importance attached to space in President Reagan's State of the Union address on 25 January 1984, in which he said that the objective of the United States is to develop 'a new frontier'—the frontier of space, with the installation of an orbiting city by the beginning of the next decade. The effect of this statement has been compared to that which followed President Kennedy's address in 1961 on the American moon landing.

<sup>27</sup> See Mahdi Elmandjra, *Technological Innovation: Its Impact on Human Values*, Tokyo, 1983.

for communication satellites, but they are already the object of major battles.

Despite all the progress that has been made thanks to the conquest of space, it is hard to deny the increased short-sightedness that is being shown with regard to man's future. People look far into the future when drawing up space programmes or when they have to identify objects revolving in space,<sup>28</sup> but they do not look any further than the end of their noses where the sociocultural implications of these developments are concerned. We do not possess any scientific data to enable us to establish how current technological developments will affect our way of life and value systems fifteen or twenty years from now. Fortunately, we have our artistic and literary creativity, science fiction and films about the future to bridge this inexcusable gap in part.

There are a great many, high quality philosophical and sociological studies of time. It would be valuable to draw on these when studying the sociocultural consequences of the conquest of space, taking account of the strong link that exists between temporal schema and cultural systems, because, as Jean Ladrière has said:

The temporal schema necessarily influences the whole cultural system, by destroying the consistencies on which the latter has been established. In this sense, project-linked temporality, as it works in scientific research and technological enterprises, contributes to the destructuring of traditional cultural systems, which are based on other forms of temporality.<sup>29</sup>

By upsetting our notions of space, the conquest of space is contributing to the destruction of the temporal concepts that underlie our value systems. The problems of space law, for example, which we will not be discussing here, are only incidentally legal problems. The main reason that they exist is that there are no norms in this new sphere, and the issues that are raised relate to sociocultural value systems much more than to bases of law or jurisprudence.

The conquest of space is both the source and the product of technological innovation. All innovation involves breaks. We are aware of the scientific, strategic and even economic ruptures caused by this innovation, but we are not so well acquainted with the way in which sociocultural ruptures are caused, and the direction in which value systems develop. Research into these issues is virtually non-existent. The reason is very simple and should be expressed as clearly as possible. Man has never been a priority in space programmes and activities.

<sup>28</sup> The United States NORAD (North American Air Defence Command) observatory can identify an object the size of a tennis ball 30,000 kms away.

<sup>29</sup> *Les Enjeux de la Rationalité*, Paris: Aubier, 1977.

Man's place in space is in the technological spin-offs—what can be culled from the strategic and military sphere. He is the object, the target, the consumer and the robot of space, but he is still far from becoming the subject.

These are the facts that have to be borne in mind, particularly when considering the great scientific and technological achievements of the conquest of space; they must be viewed realistically, and not through the rose-coloured spectacles of the media which encourages for various reasons boundless wonder and amazement. One thing is certain: on the Earth there are a great many elementary problems that are placing the life and survival of man at stake, and many of them could already have been settled if the same attention had been devoted to them as has been devoted to outer space.

### **The Third World: 'satellisation', but into which orbit?**

Where does the Third World stand as far as the conquest of space is concerned? We have already referred to this question in political terms,<sup>30</sup> but it is even more acute in sociocultural terms. Most of the Third World countries are very late in catching up with scientific and technological developments more because of a lack of sociocultural policy and a neglect of value systems rather than because of a shortage of financial resources. Scientific creativity and technological innovation cannot take place in a vacuum or in the files containing 'cooperation' agreements ready for signature; they need endogenous development models that match their value systems and which have social relevance.

Outside China, India and three or four other countries, the Third World is not in the running for the conquest of space, and yet it is the Third World that is going to suffer the greatest sociocultural consequences as far as information, the transmission of televised programmes and other applications are concerned. In the space field, the Third World has been 'launched' yet it is not the master of its own orbit. Its 'orbital self-determination' depends on its mastery of its own value systems, the exploitation of scientific research and regional cooperation which will enable it to reach that critical mass it needs to avoid falling back even further.

One of the most acute ethical problems that arise in North-South relations in the space field is not so much the fact that tens of billions of dollars are being poured into the galaxies instead of being spent on

<sup>30</sup> See pp 578-9.

helping to eradicate famine, disease, ignorance and poverty on earth. Charity has never been able to settle this kind of problem. The Third World has become—for a variety of reasons—a major buyer of weapons from the industrial countries. These purchases will not help the Third World in the least to develop scientific or technological research, as is the case for the countries that sell these weapons. On the contrary, the Third World is indirectly financing a considerable share of the developed countries' scientific research effort. This involuntary participation can be put at over one-quarter of the total cost of the programmes being implemented by the space powers. This is something that may seem untenable at first sight, but it is comparatively easy to explain why it is true.

Between 1973 and 1982, the Third World spent \$78,300 million on weapons. Three-quarters (74.8 per cent) of these weapons were bought from the six space powers, totalling \$50,000 million (at 1975 prices) in ten years. That makes a total expenditure of \$6,000 million per year on average. If you look at Table 1 you will see that the annual average expenditure on space research in the United States over, for example, the same ten years was about \$6,800 million. Third World arms purchases are worth at least 50 per cent of the aggregate world expenditure on space activities. When one recalls the close strategic, economic and financial link between the arms industry and the space industry, one might well feel that the estimated 25 per cent mentioned above is realistic enough. It is not necessary to go any further in this demonstration to understand the ethical problems that this raises in North-South and South-South relations.

The final point that we will mention in this sociocultural section, concerns a phenomenon that is likely to grow considerably in the future. I am referring to the arrogance which the conquest of space seems to be instilling into the conquerors. This brings us back to the concern expressed at the beginning, when we discussed the concept of 'conquest'. It is a problem that ranges beyond the sociocultural and ethical fields, because our attitude to the creation of the universe and the humility with which we perceive it—particularly after having managed to unveil some of its mysteries—belongs to the realm of metaphysics or faith. And here lies one of the keys to the most difficult conquest of all—the conquest of interior space—namely man himself.

There can be no conclusion to a study of this kind. It is already something, if it manages to raise one or two major issues and to stimulate discussion. One question remains: Why conquer space? For

what purpose? How can it guarantee the dignity of man, his self-fulfilment, and how can it ensure peace on earth and peace in space? This is where the crux of the debate lies, not in the technological achievements that may either be placed at the service of these objectives, or be relegated among the vast range of instruments that exist for the extermination of mankind. Technology has nothing to do with the real issues; what is at issue is man, whether he is the one who dominates, or whether he passively accepts this domination.

### Appendix I

#### A Few Dates in the History of the Conquest of Space

1957:	Sputnik 1 (USSR)	First artificial satellite (21 days in space)
	Sputnik 2 (USSR)	First manned satellite (Dog, Laika)
1958:	Explorer 1 (USA)	Discovery of the radiation belt around the earth
	Explorer 3 (USSR)	First space laboratory
	Score (USA)	First transmission
1959:	Lunik 2 (USSR)	First satellite to reach the moon
1960:	Tiros 1 (USA)	First meteorological satellite (23,000 photographs)
1961:	Vostok 1 (USSR)	First manned flight (Yuri Gagarin)
1962:	Cosmos 1 (USSR)	Study of the conditions for prolonged flights into space (out of 1,600 satellites launched by the USSR, 1,300 were Cosmos satellites)
	Telstar 1 (USA)	First transmission of television signals from space
	Mariner 2 (USA)	Geophysical studies of Venus
	Mars 1 (USSR)	Studies of Mars (transmission stopped at 110 million km from Earth)

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1964:	San Marco (Italy and USSR)	First launching of a satellite by nationals of a country other than the USSR or the United States
	Zond 3 (USSR)	Photographs of the hidden side of the moon
	Syncom 3 (USA)	First geostationary telecommunications satellite orbit
1965:	Voskhod 2 (USSR)	Alexei Learov—first walk in space (10 minutes at 170 km from the Earth)
	Gemini 4 (USA)	2 Astronauts 98 hours in space and a 22-minute walk from the capsule by Edward White, 160 km from the Earth
	Early Bird (USA)	First satellite used by Intelsat
1966:	Luna 9 (USSR)	First soft landing of a craft on the moon
1967:	Surveyor 3 (USA)	Lunar landing (6,315 photographs transmitted)
	Venera 4 (USSR)	First soft landing on Venus
	Soyuz 1 (USSR)	Piloted spacecraft
	Cosmos 186 (USSR)	Automatic link-up and separation
	Cosmos 188 (USSR)	
	Ats 3 (USA)	First colour photographs of the Earth
1969:	Apollo 11 (USA)	Landing on the Moon by Neil Armstrong and E Aldrin
	Mariner 6 (USA)	Photographs of Mars
	: Meteor (USSR)	Meteorological satellite
1970:	Long March (China)	Rocket used for the launching of the first two Chinese satellites (173 kg each)

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THIRD WORLD QUARTERLY

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1971:	Big Bird (USA) Salyut 1 (USSR)  Intelsat IV (International)	Reconnaissance satellite (13 tons) Space station orbited (habitable area 100 m <sup>2</sup> )  Telephone and television (30,000 telephone communications and several live TV transmissions)
1972:	Landsat 1 (USA)	Landsat satellites, 1,400,000 images of the Earth between 1972 and 1979
1973:	Mariner 10 (USA)	18 months in space Flight over Venus and Mercury—8,000 photographs
1974:	SMS 1 (USA)	First geostationary meteorological satellite
1975:	Tempest (China)	190-ton rocket which launched 6 satellites (of 2 to 3 tons) between 1975 and 1978
1977:	GMS (Japan)  Meteosat (Europe)  Salyut 6 (USSR)	Geostationary meteorological satellite Geostationary meteorological satellite With a second docking device enabling the link-up of another piloted Soyuz spacecraft
1981:	Ariane 1 (Europe) Colombia (USA)	European heavy launcher Space shuttle
1983:	Landsat 4 (USA)  Spacelab 1 (Europe)	Earth images (geology, agriculture, ecology, town planning)  Scientific laboratory launched by the American shuttle—72 scientific experiments

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1983: TDRS (USA)	Relay satellite for the transmission of data between satellites and with the Earth (Speed: 300 million bits per second)
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## Appendix II

### Examples of Space Technology Transfer

These examples, taken from the survey on the European space industry carried out by the Office of Theoretical and Applied Economics of the University of Strasbourg, give an indication of the wealth of existing or foreseen applications of space technology to other economic sectors.

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Sector benefiting from technology transfer	Space Application	Derivative Innovation
Automobile	<ul style="list-style-type: none"> <li>• Satellite stabilisation</li> <li>• Welding of satellite material</li> <li>• Space electronics</li> <li>• Satellite and launcher material</li> </ul>	<ul style="list-style-type: none"> <li>• Inertia wheels to reduce the energy consumption of vehicles</li> <li>• Welding automobile parts by ion beam bombardment technique</li> <li>• Data configuration table to pinpoint the source of a breakdown of a vehicle</li> <li>• Possible manufacturing of carbon fibre brake pads</li> </ul>
Robotics	<ul style="list-style-type: none"> <li>• Space opto-electronics</li> </ul>	<ul style="list-style-type: none"> <li>• Automatic control systems for industrial production</li> </ul>
Shipping	<ul style="list-style-type: none"> <li>• Propulsion</li> <li>• Space electronics</li> <li>• Propulsion</li> </ul>	<ul style="list-style-type: none"> <li>• Submarine propulsion</li> <li>• Display equipment</li> <li>• System for empty submarine ballast tanks</li> </ul>
Air Navigation	<ul style="list-style-type: none"> <li>• Space electronics</li> </ul>	<ul style="list-style-type: none"> <li>• Electronic blocks for aeroplanes</li> </ul>

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### THIRD WORLD QUARTERLY

Sector benefiting from technology transfer	Space Application	Derivative Innovation
	<ul style="list-style-type: none"> <li>• Ariane</li> <li>• Satellite material</li> </ul>	<ul style="list-style-type: none"> <li>• Possible use within several years of liquid rocket propellant (used on Ariane) for aeroplane propulsion</li> <li>• Aeroplane structure in carbon fibre</li> </ul>
Energy	<ul style="list-style-type: none"> <li>• Harnessing solar energy</li> <li>• Satellite material</li> <li>• Project management</li> </ul>	<ul style="list-style-type: none"> <li>• Solar cells, photovoltaic solar energy stations</li> <li>• Windmill blades in synthetic fibre</li> <li>• Nuclear power station control</li> </ul>
Informatics	<ul style="list-style-type: none"> <li>• Space informatics</li> <li>• Meteosat</li> </ul>	<ul style="list-style-type: none"> <li>• New components, computer cooling, computer coupling, bilingual computers</li> <li>• Data filing system</li> </ul>
Banking	<ul style="list-style-type: none"> <li>• Space opto-electronics</li> </ul>	<ul style="list-style-type: none"> <li>• Automatic banknote distribution systems</li> </ul>
Fishery	<ul style="list-style-type: none"> <li>• Space opto-electronics</li> </ul>	<ul style="list-style-type: none"> <li>• Detection of fish shoals</li> </ul>
Traffic	<ul style="list-style-type: none"> <li>• Satellite altitude control</li> </ul>	<ul style="list-style-type: none"> <li>• Urban traffic control</li> </ul>
Electricity Storage	<ul style="list-style-type: none"> <li>• Energy storage</li> <li>• Batteries</li> </ul>	<ul style="list-style-type: none"> <li>• Emergency storage by kinetic wheels</li> <li>• Miniaturisation of electric batteries (calculators)</li> </ul>
Building	<ul style="list-style-type: none"> <li>• Space opto-electronics</li> </ul>	<ul style="list-style-type: none"> <li>• Detection of thermal leakage in walls and roofs</li> </ul>
Medicine	<ul style="list-style-type: none"> <li>• Satellite materials</li> <li>• Space informatics</li> </ul>	<ul style="list-style-type: none"> <li>• Artificial limbs</li> <li>• Medical informatics for cardiological and pneumological, etc. examinations</li> </ul>

## THE CONQUEST OF SPACE

Sector benefiting from technology transfer	Space Application	Derivative Innovation
	• Space opto-electronics	• Low-risk radiography systems
Bridges and Motorways	• Satellite thermal control	• Heating roads and bridges by thermal ducts
Telematics	• Data transmission in space	• Perfecting data transmission networks
Petroleum Industry	• Satellite material • Satellite electronics	• Cylindrical structure in steel-aluminium alloy for refineries • Liaisons between offshore platforms
Public Transport	• Satellite control • Satellite material	• Automatic subway operations simulation • Material for trains
Urban Management	• Organisation of space projects	• Management of large cities
Anti-pollution Control	• Space opto-electronics	• Control of polluted areas of the North Sea
Security	• Space informatics • Space opto-electronics	• Informatics systems for controlling technological risks (chemistry, offshore, fire) • Burglar detection devices
Leisure Activity	• Space material	• Skis and tennis rackets in synthetic fibre
Instrumentation	• Space instrumentation	• Supersonic flow gauge to measure the level of liquids in tanks (petrol) • Data visual display system • Anti-vibration devices

Sector benefiting from technology transfer	Space Application	Derivative Innovation
Food	• Satellite and launcher material	• Stainless steel beer vats
Television	• Space electronics	• Electronic components tubes
Telephone	• Satellite stabilisation	• Emergency power supply for telephone exchanges

Source: *Futuribles* (38) November, 1980.

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## **Rescuing Brazil, Reversing Recession**

### **Complete Disarray**

At least Brazilians are in agreement over one thing: 'Our country is in a very bad condition, without precedent in the history of the republic'. In Brazil everything depends on the state, and, at present, not only has the ship of state lost its way, but all its controls and guiding instruments have broken down. The crisis is not confined to certain economic matters, nor is it merely the result of adverse international conditions. It is the economic system as a whole which is drifting. No new investments are being made in productive activities and the country's industrial sector is collapsing; only the speculators are prospering.

Brazil will reach the end of the 1980s with a lower level of industrial employment than at the end of the 1970s. Millions of people are joining the army of the under-employed. Our hope of ever overcoming underdevelopment is receding. Brazil has earned the dubious distinction of having the largest patch of poverty in the Western hemisphere. All this has happened despite the fact that for 30 years Brazil had one of the highest economic growth rates in the world and remains a country with great potential for development.

Brazil's advantages are real enough: enormous stretches of unoccupied land; abundant energy resources to exploit; one of the ten largest domestic markets in the world; an impressive installed capacity for the production of capital goods; and, a potential for technological creativity only equalled in the Third World by India. All we lack in Brazil is the *will* to change the course of history, something which has become increasingly difficult for us through years of authoritarian rule and a situation of external dependence, which has reduced us to a simple complementary market for the developed economies. We are now being subjected to an 'adjustment' process, a kind of cosmetic surgery which will reshape us more to the taste of the bosses of the present international financial order and increase our dependence.

The question that we, the overwhelming majority of Brazilians, must ask ourselves is: Does Brazil not have a sufficient reserve of patriotism and public concern that can change a course of events that is condemning millions of people to unemployment and starvation? Can

we not find a way of restoring confidence and faith in the future of the country?

The reply to that question is unambiguous: it is enough for us to state emphatically: **'NO' TO RECESSION.**

No one in his right mind and with any public spirit can believe that recession is the answer to Brazil's problems in the face of the current international economic crisis. Recession is the kind of economic policy that can only be justified in rich countries, which have unemployment benefits, ample exchange reserves, and access to foreign loans. We have none of these advantages.

The starting point for changing the course of events is to put an end to the recession and to recreate the conditions needed for the economy to function normally, utilising its installed industrial capacity. We must remember that for about 20 years after World War II the Brazilian economy grew well, although the volume of imports remained stationary. It relied on an expanding domestic market, even though our capital goods industry was at that time still very primitive.

It is true that servicing our large foreign debt reduces our capacity to invest and to import, but this should not stop us working and producing, and directing our own development. Nothing is forcing us to internationalise our economy to such a point that we lose the power to make our own decisions; it is merely the result of our inferiority complex in the face of the alleged greater 'rationality' of the international financial market.

But what must we do to make effective our opposition to recession so that we can give back jobs to those out of work? First of all we must regain control over the instruments of economic policymaking. When we are told that our most serious problem is inflation, a euphemism is being used to avoid saying that the key problem—the cause of our present woes—is the present state of chaos in the economy. Everyone knows that inflation is no more than a symptom, the outward manifestation of the lack of articulation, adjustment, and control in an economy. Inflation on the scale we are experiencing is an unequivocal indication of the complete confusion among those in charge of economic policymaking. They are no longer able to enforce monetary policies, to control liquidity, to dictate the cost of money, to police the financial institutions, to define exchange policies and so on. The Brazilian authorities have relaxed so many controls that they have largely forfeited their own decisionmaking power. And, the more ineffective they have become, the more attractive the climate becomes for all kinds of adventurers.



### **Regaining Freedom of Action**

But what is required to regain control over the economy? In the first place, we must break away from the guardianship of the International Monetary Fund (IMF) and, secondly, as a sovereign country, decide to what extent Brazil will honour its foreign financial commitments in the context of the international crisis. The two questions are linked, for Brazil did not decide of its own accord to accept the guardianship of the IMF, but did so because this was a condition set by its foreign creditors, particularly the international private banks, for rescheduling its debt. In this way the bankers were trying to make sure that the Brazilian government would put the interests of its creditors, in both the public and private sectors, before anything else and that the economy would be 'adjusted' so that it was geared to producing dollars at any price.

The IMF in itself is not important, as the resources it provides are modest. What matters is that this institution has adopted a rigid set of 'conditions' which a country must accept if it is to have access to much larger sums of foreign financing. In this way, it has been turned into an instrument through which Third World countries are forced to deepen the internationalisation of their economies so that they cease to be controlled domestically and become mere extensions of the international market. It is for this reason that Brazil is being asked to dismantle part of its industrial sector, particularly in the capital goods area, which is considered 'disproportionately large'. Now, with world trade declining or stagnating and with the present situation of excessive indebtedness, to demand that Brazil open up its economy is to condemn the country to a recession of indeterminate length.

But it is not enough to rid ourselves of the IMF. If we do not take the initiative and, as a sovereign country, decide our own policies, our foreign creditors will soon occupy the space we have left. It is not by chance that they have already set themselves up as privileged auditors in Brazil's financial administration. The 'advising committees' set up by the international foreign banks have already begun to tell us what we should or should not do.

We are so drugged by 'disinformation' that we must reestablish some elementary truths. The financial agreements that private bodies sign with sovereign nations implicitly accept that in certain special conditions the latter can change the form of operation. In return, the private banks can be sure that, unlike private debtors, sovereign nations cannot disappear through liquidation. When both the creditor and the debtor are sovereign states the situation changes, because the relation is not

only financial, but also political. In other words, the use of force becomes possible. In the past, creditors were almost always sovereign states, as governments used to take on the responsibility of recovering loans made by their subjects. In the heyday of imperialism, England and France took control of countries which could not pay their debts. It was in this way that both Egypt and Tunisia lost the last traces of sovereignty that they still had. Even today, a debtor nation, when it can no longer make payments, can still negotiate a moratorium with its creditor when the latter too is a sovereign state. There is plenty of room for negotiation when more than financial interests are involved on both sides. A sovereign state can accept financial losses if it obtains compensation in other areas.

The situation is different when the creditor is a private bank. Private bankers cannot 'negotiate'. They can only demand fulfilment of the clauses in the contract. How can they accept losses if they do not obtain compensations in another area? What can be done in this case is to substitute a new contract, considered equivalent by the bank, for the old one. Thus, for example, when a loan is rescheduled, the repayment period is extended, but, in compensation, larger fees are charged or a higher rate of interest is negotiated. All this is decided by lawyers, operating within rigid terms of reference, and not by emissaries endowed with full powers.

In these circumstances, then, it is up to the debtor country unilaterally to declare a moratorium and to inform its private creditors of the new conditions it is offering. In this way, the bank's board of directors will not be held responsible by its shareholders for the losses, but instead for failing to make reserve provisions at the appropriate time if this is the case. The present situation is complex, because the declaration of a moratorium by Brazil would probably spark off a series of moratoriums by other countries, which would force the big private international banks, particularly in the United States, into insolvency. Brazil's leading creditor, Citibank, has made loans to Brazil of an amount equivalent to 83 per cent of its capital. At the moment Brazil is in a situation of *de facto* moratorium, through the accumulation of overdue interest payments, but the banks are determined to prevent Brazil from formally being declared in default, as the banks' contracts are interlinked as a way of protecting each creditor from the others. So, at the moment, the big banks are buying up Brazilian papers from the smaller banks, which are more impatient, while at the same time they are working out ways of refinancing the debt. It is quite clear that they do not want to lose the

initiative, as they are preparing for a confrontation with their respective central banks. While this goes on, Brazil remains passive, merely accepting further conditions which will further limit its room for manoeuvre in the future.

An agreement recently reached at the Bank for International Settlements (BIS) establishes that the respective central banks will only intervene if the creditor banks become insolvent. In other words, the central banks will only act as lenders of last resort if the international creditor is on the verge of bankruptcy. We are witnessing a power struggle between the international private banks and their respective central banks, for the former do not want to be forced into insolvency before they are provided with the assistance that they undoubtedly require.

If Brazil were to declare a moratorium, and its example were followed by other debtor countries, the central banks would almost certainly intervene to prevent a global international financial crisis. The real problem, therefore, is not whether or not Brazil will declare a moratorium, but what kind of agreement will emerge between the big private international banks and their respective central banks. It must not be forgotten that a decrease in liquidity at this time in the international banking system would be extremely harmful to the process of economic recovery which is beginning in the developed countries.

The only thing which is certain, from our point of view, is that the banks are going to impose draconian conditions for refinancing Brazilian debt and, at the same time, are going to do all they can to stop Brazil from resorting to its sovereign right to declare a moratorium and to recover its freedom of action. It is important to remember that Brazil, like most of the other indebted Third World countries, can no longer obtain new lines of credit. It is only able to go on trading with the developed countries because the commercial credits, originally conceded to the Brazilians, are now given to foreigners. Apart from this, it has begun to explore other trading set-ups which can operate outside the network of the commercial banks.

What must be stressed, however, is that a country is not 'punished' by its creditor banks if it fails to make its contractual payments. Banks are not guided by moral principles; they simply carry out business. In the case of reschedulings, the disbursement of new resources is tied to rigid adjustment schemes, because the banks want to prevent, or conceal, losses. New commercial credits are refused simply because the bank considers the operation to have become too risky.

Retaliation may come from a creditor government and in this case it should be interpreted as an endeavour to receive compensation in another area. Since the middle of 1982, Brazil has been unable to obtain new lines of credit because the international financial community is aware that Brazil is on the verge of insolvency. But it is not only the private banks which have refused to renew credit lines or have withdrawn deposits from foreign agencies of Brazilian banks. Foreign governments which had deposited part of their exchange reserves with the Bank of Brazil and individuals, resident abroad, who had made long-term deposits, also sought to protect themselves from the obvious risk of a Brazilian default. To operate an extensive banking network abroad, a country must have solid currency reserves. The present shortages suffered by Brazilian banks abroad does not mean that the country is being 'punished' by its creditors. It is merely the natural result of its present state of insolvency.

It is clear that, whatever shape future events take, Brazil will have to reorganise drastically its method of financing its foreign trade. This will give us an opportunity to strengthen our financial links with other Third World countries and to restructure our international banking system so that it serves the long-term interests of the country.

### **Eliminating the Root of Inflation**

However, it is not just a question of regaining our freedom of action and of rebuilding the instruments of economic policymaking. It is even more important to know what to do with these instruments. The root cause of the inflation is the decrease in the productivity of the economic system, which in its turn reflects the growing incoherence of our investment process and our growing incapacity to generate savings internally. Let us try to spell out what this means in simple terms.

The average productivity of investments has traditionally been high in Brazil. To achieve a one per cent increase in domestic product it was only necessary to invest two per cent of this same product. If net investment reached about ten per cent of domestic product, then growth tended to be about five per cent. Clearly, the relation between the two factors was not as direct as this for other factors intervened, but the coefficient of additional productivity did not differ greatly from that of average productivity.

What has been occurring recently is a notable fall in productivity. Today, we need to invest four to six per cent of domestic product to achieve a one per cent increase in the product. This is in part because

our model of development has tended to squander a significant part of our savings, using it to finance the consumption of middle class and upper class groups. But the main reason is the lack of coordination of public investments, and of private investments induced by it. Let us take the case of excessive government investments in infrastructure projects, and the consequent private industrial over-expansion of activities producing equipment and intermediate goods for them. In these circumstances it is almost inevitable that the productive system becomes chaotic and that, as a result, operational costs increase. Average productivity in an economy organised in this way is necessarily low. The recession is only aggravating this structural tendency.

A productive system is not only a heap of investments. It is a set of articulated elements, whose coherence results from the subordination of each one of the disparate parts to the logic of the whole. This coherence can come from the logic of the market-place, or from planning. Both these forms of coordination are combined in all modern capitalist economies. The big companies, which operate in oligopolies, formulate macro-economic hypotheses and, based on them, fix prices, set profit margins, plan their investments and, when necessary, correct their models in response to short-term market information.

What has happened in Brazil is that the government has taken on increasing entrepreneurial responsibilities without providing itself with the necessary means to guide and coordinate its investments. It is for this reason that it finds it so difficult to make them compatible with the country's capacity to save and with the activities of the private sector. Worse still, it has tried to discredit the idea of global planning. As a result, each of these large state enterprises has tried to increase its decisionmaking power and to function as a separate entity. If you also take into consideration the fact that the government has come to rely on the growth of these companies so that it can obtain the foreign loans that it requires to balance its foreign accounts each year, then you can begin to envisage the extraordinarily complex network which has spawned the present chaos. This is the key to understanding the root cause of today's mess.

Let us now see how this lack of coordination produces inflationary pressures. Every investment produces a flow of income—payment to factors—which, in its turn, promotes other productive activities, which is the reason why the final flow of income is so much greater than the one produced originally. Most of this flow will be spent on consumer goods. It is thus of fundamental importance that the supply of final

consumer goods grows parallel with the flow of income. If the investment process is incoherent, then it is likely that the flow of income will grow more rapidly than the supply of final consumer goods, thus generating inflationary pressures. In a market economy, this kind of situation should not last, as investments will be channelled to the sectors producing the consumer goods, or substitutes for these goods in demand. But, if the cause of the distortion lies in the public sector, then the corrective process will only function when the overgrown state enterprises have run out of resources with which to carry on their expansion plans. What made the situation worse in Brazil was that the public companies went on investing in order that the government would be able to obtain the foreign currency it needed.

When it is a question of investments with no return—into providing a basic infrastructure of public services—then the distortions can become even worse, because the indications of a fall in productivity are more difficult to detect. To sum up, the expansion of entrepreneurial activities by the state demands a system of global planning to define the space to be occupied by state companies. This planning will only be effective if it is carried out by an authority which can overrule the techno-bureaucracy. This is a problem which has only been satisfactorily resolved in those countries where parliament has the power to define the order of priorities of public investments.

The root cause of the present galloping inflation is the disorderly form in which the state increased its entrepreneurial activities. Consequently only ignorance or bad faith can make people believe that such a state of affairs can be corrected through recession. Recession affects all sectors of the economy, not only those which are uncoordinated. It reduces investment in an indiscriminate fashion so it does not correct the imbalance. Inflationary pressures will only be defused when most of the economy is at a standstill and severe damage has been inflicted on society.

The primary cause of the disequilibrium is not the level of investment, but the lack of articulation in the productive system. The first priority is thus to reorientate investments so that this lack of articulation is corrected. As the economic system becomes better coordinated, average productivity will increase—which will mean that the supply of final consumer goods will increase more in line with the flow of monetary income.

If it is accepted that our economy is disjointed—and that the high rate of inflation is a fever showing that something is wrong—then it must be

recognised that the only way to overcome the present crisis is by progressively curing the underlying illness. To dismantle the parts of the system which are still sound—which is what recession is achieving—is a mistake that cannot be criticised too strongly. It is very significant that the IMF mission has forced the government to choose between reducing the real level of wages or increasing unemployment—both of which options ensure that the recession continues.

But why this emphasis on recession? The official rhetoric would have us believe that their real objective is to reduce inflationary pressures. But everyone knows that inflation has got worse with the recession. As financial costs continue to grow—and today for most companies they are a much heavier outlay than the payroll—the recession, which is squeezing wages but raising the cost of money, will end up feeding inflation. Following this medicine, the general upsurge in the level of prices will only end when the productive system is seriously damaged.

But, if we accept that the government's main objective is the external 'adjustment', not the internal one, then there exists another explanation for recessionary policies. For the recession makes sense only if the government's sole aim is to build up an ever larger trade surplus, whatever the cost, so that Brazil can ensure the remittance of profit from foreign investment and the payment of a significant part of the interest due on the foreign debt. For, given the unfavourable external situation, this surplus can only be achieved through cutting back on imports. Recession is the way in which this can be achieved. So, thanks to it, the dollar value of Brazil's imports fell by 23 per cent during the first half of 1983. Moreover, the recession helps to keep exports at a high level, even if it is at the expense of an increase in the average cost of productive activities. This is particularly clear in the case of those industrial sectors which channel their output to both the foreign and domestic markets.

As domestic demand falls as a result of the recession, the average costs of production increase, as a result of the formation of idle capacity. From then on, an export policy can be based on low marginal costs. The price of what is offered abroad only reflects the increase in variable costs, because fixed costs are covered by what is sold on the domestic market. More precisely: recession increases prices paid by domestic consumers but reduces the prices at which goods can be offered abroad. In this way, the country's terms of trade deteriorate—foreign currency costs more in terms of what the country exports—but, in compensation,

the trade balance grows, and this seems to be the main objective of the policies that the government has been following. As foreign demand responds to a decrease in the price at which goods are supplied and is not affected by a reduction in domestic income, it becomes possible to reconcile a general decline in productivity—caused by the recession—with an increase in the propensity to export.

It is important to stress that it will not be easy to break the back of inflation unless we sort out two other problems. One concerns the incompatibility between the present model of growth and an increase in the rate of savings. It is well known that this model favours the consumption of durable goods, that is, it leads to greater income concentration without increasing the availability of resources for productive investment. The greater the concentration in income the larger the share of consumer durables in overall consumption and the greater the share of income used in financing consumption. It would be necessary for the savings of the upper and middle classes to grow more quickly than their incomes (a larger than average marginal propensity to save) for the resources available for financing productive activities not to decline as a proportion of total income. In other words, the present model demands an increase in the savings coefficient for the level of productive investment to be maintained. It is only in this way that it would be possible to reconcile a relative increase in the consumption of consumer durables with a stable rate of economic growth. Now, despite the creation of various funds (FGTS, PIS, PASEP)<sup>1</sup> financed by compulsory savings extracted from the mass of the population, the overall rate of savings has not risen. This is explained by the very nature of the development model, which is geared to increasing the consumption of the middle classes.

When the performance of the Brazilian economy over the last two decades is observed, it can be seen that the only period in which it was possible to achieve a high rate of growth, together with a low rate of inflation, was when average productivity increased, that is, when idle productive capacity was brought into use—in other words, when real per capita domestic income grew more rapidly than per capita productive capacity. Apart from this period (1967–72), a high rate of growth was only achieved with inflation and/or foreign indebtedness, both of which are spurious ways of compensating for insufficient savings. In other words, there is a contradiction between the lifestyle

<sup>1</sup> FGTS: Fundo de Garantia de Tempo de Serviço; PIS: Programa de Integração Social; PASEP: Programa de Farmação do Patrimônio do Serviços Público



adopted by the middle and upper classes and the internal generation of savings, a contradiction which is at the root of both income concentration and foreign indebtedness.

Since a change in the model of development cannot be implemented immediately and since it is necessary to prevent the creation of further idle capacity—and another decline in productivity must be prevented—the only solution is to attack the problem on both sides. The restructuring of the economy should ensure progressive changes in the style of development. At the same time the rate of savings should be rapidly increased, something which is only feasible if the economy begins to grow once again.

The second problem consists of the need to increase the resistance of the economy to fluctuations in the country's capacity to import. To a large extent the present recession stems from the indiscriminate cutback in imports. This reduction leads to a fall in productivity, which feeds the inflationary process and provokes a decline in growth rates. No one questions the country's need to make a great effort to increase exports. But world trade prospects force us to be realistic. It is clear that we shall only be able to increase our imports slowly, particularly in view of the need to rebuild our exchange reserves and to service our foreign debt, or at least part of it. It seems to us that the other option—that exports should be increased at the expense of growing costs for the Brazilian consumer—should be rejected. We believe that the sorting out of the external problem must be made compatible with a reasonable rate of growth of the domestic market.

Given the present state of the international financial market, our capacity to import will depend, more than in the past, on our export earnings. For this reason, we must build up the economy's resistance to external shocks, quite apart from increasing our exchange reserves and from introducing new financing schemes, particularly in trade with our suppliers of oil and other essential products. At this stage it is no longer a question of 'substituting imports', but of constructing an economy which can satisfy the basic needs of the population and at the same time can stand up to momentary or passing falls in the volume of imports. The Brazilian economy must be ready to take advantage of improvements in the world economy and also to adapt in the face of unfavourable world conditions. To be prepared for the first development, it must increase its absorption of advanced technology. To deal with the second, it should steer its investments into sectors with a low import coefficient. Idle capacity should be brought down to as low a

level as possible and the investment profile should be changed in the short term to achieve greater flexibility.

### **Financial Disorder**

While a shortage of savings was a fundamental cause of the present disequilibrium, it is also true that the exorbitant increase in the cost of financial operations spread the disorder throughout the economy. This aspect must be closely examined.

Brazil has traditionally been a country in which inflation plundered those who saved but favoured those who invested. As a result of the so-called 'usury law', savers were permanently punished. On the other hand, the Bank of Brazil, and, from the 1950s, the development banks, supplied investors with loans at negative rates of interest. Moreover, the government regularly resorted to increasing the money supply so as to swell its funds. During this period, the key question in financial policies was to know how to contain inflationary pressures within certain limits. When these were exceeded, the government put the brake on its expenditure, delaying the disbursement of funds, and the Bank of Brazil raised the compulsory deposit requirement for the commercial banks. So there was a breathing space and then the process carried on as before. Inflation was part of the mechanism for financing the economy, but it had to be used cautiously. The high social cost of this type of development was recognised, but the ruling classes were unable to come up with a formula which combined stability with a high growth rate. As far as they could see, the options were development with a certain amount of inflation, or stability without development.

The idea of providing the country with a financial system that would encourage savings, put a greater priority on the payment of real interest rates to savers and allow the government to carry out its monetary policy through the sale and purchase of public debt bonds, may have been well-intentioned, but it was naïve in that it did not pay sufficient attention to the peculiarities of our form of dependent capitalism. The net result is there for all to see today: the rate of savings did not increase, but the cost of financial intermediation increased enormously. Passive interest rates, that is, the cost of money for the banks, rose greatly, apparently improving the return for savers. But, as active interest rates also increased, financial costs rose and the relative prices of the final consumer goods that the savers purchased went up steeply, wiping out the gains they had made through their savings. It is enough to look at the rapid increase in interest paid in hire-purchase

deals for consumer durable goods to realise that the apparent gains going to the middle classes through their savings were deceptive. Given that the model of development led to an increase in demand for financial resources (the purchase of a consumer durable good is an *investment*), the position of those who deal with money and high liquidity assets was strengthened. In these circumstances, the advantages going to savers were offset by a considerable increase in the cost of capital for the investor. Faced with this complex web of interests, the government was forced to reintroduce negative interest rates to defend more vulnerable sectors, such as farming.

The difference between the situation today and that in the past is that now the resources transferred by the monetary budget to farming (and other privileged sectors) are no longer financed by an expansion in the money supply. The new method consists in issuing bonds with sufficiently attractive real interest rates to compete in the narrow capital market. In this way the government pays real interest rates to obtain resources which it then lends out at negative rates of interest. The difference is covered by issuing additional bonds. Even if we ignore the fact that such a system will necessarily lead to disaster, it is important to point out that it introduced profound structural distortions in the economic system. By sucking out a large part of the available credit the government increased considerably the level of active and passive interest rates. We have already seen that high passive interest rates do not benefit savers, as they are hurt by the concomitant increase in the consumer goods they purchase. On the other hand, high active interest rates hurt investors in productive activities. The net result is the strengthening of financial intermediaries, whose share of overall income has grown disproportionately throughout this period.

So Brazil went from a situation in which financial costs were very low—most investments were carried out at very low or negative interest rates and the public sector was financed with taxes and inflation—to one in which such costs soared to extraordinary high levels. This was the final result of the ingenious reforms introduced by Octávio Gouvêa de Bulhões and Roberto de Oliveira Campos, in the wake of the newly-established authoritarian regime. In a poor country containing an emerging middle class completely geared to the consumption of consumer durables, the creation of a capital market is not enough to accelerate savings. In view of the inelasticity in the supply of savings, the financial intermediaries resolved the problem by creating quasi-money. As a result, in an extraordinary development, a huge mass of non-

monetary financial assets was formed in an economy with a low level of income. The velocity of the circulation of money became the determining factor of the degree of liquidity of the economic system, a factor which depended much more on financial intermediation than on the monetary authorities. The latter, imprisoned by the need to refinance the public debt, had less and less freedom of action.

As the debt was being refinanced by more debt, the problem of credibility became crucial. In this endeavour to postpone the day of reckoning, the monetary authorities committed an act of extreme irresponsibility by indexing their bonds against the dollar at a time when it was gaining strength on the world market. From then on, Brazil, in effect, lost its own currency, for the basic reference point in all transactions on the financial market became the bills issued in the United States. It is as if the Brazilian government were trying to issue dollars with their circulation restricted to Brazilian territory. As good money always drives out bad, no one will any longer accept *cruzeiros* as their measure of value. The decision to 'purge' the domestic price index made this situation worse. As the behaviour of the dollar has very little in common with an economy characterised by enormous structural tensions, as in the case of Brazil, a new factor of irrationality was introduced. By the end of May 1982, the value of this new currency issued by the Brazilian government was 16 billion dollars.

The increase in public debt has provoked an expansion in the flow of non-monetary financial assets and has encouraged the relative growth in financial intermediation. It is interesting to compare the present process with what happened earlier when the state financed part of its expenditure directly with the expansion of the money supply. The old method led to an increase in the level of monetary demand and thus to an increase in the prices of final products and a corresponding fall in the purchasing power of the population. The present method leads to pressure on the capital markets which leads to an increase in interest rates and a rise in the financial costs of those in charge of productive activities. As the latter cannot pass on costs and administer prices with any ease, the result is a transfer of real resources from those who produce to those who finance. As a result, the present inflation is doing even more harm than in the past, as it is introducing deformities which discourage productive investments and reward speculation.

#### **Public Deficit, Subsidies and 'De-indexation'**

To claim that the present inflation is caused by the public sector deficit is

grossly to oversimplify the problem. A reduction in the public deficit, obtained through reductions in government expenditure, can coexist with the maintenance of the present system of refinancing the public debt and thus with the swelling of financial intermediation. The squeezing of overall demand, which the IMF is demanding, may reduce inflationary pressure, but this is not enough to encourage productive investments in the private sector. It is unlikely that the latter will be stimulated as long as the financial sector remains disproportionately large.

It is important not to forget that the public sector deficit is partly the result of the recession. It is far more difficult in the public sector than in the private sector to reduce costs when overall demand falls. If the depressions of the past no longer occur in the advanced capitalist economies, this is due to the relative expansion of the public sector and the maintenance of the population's purchasing power through unemployment benefits. This deficit disappears of its own accord when there is an economic recovery. For this reason, it is important not to confuse this deficit with the structural deficit which occurs as the result of expansion of public sector activities without sufficient financing. In this case, the correction of this deficit is more difficult. A reduction in inadequately financed public activities has a knock-on recessionary impact at the level of global demand and leads to a fall in the turnover of the public sector itself, provoking another deficit. In other words, the reduction of a public deficit is always more difficult in a recession. The answer is to channel investment in new directions, eliminating some, restructuring others and starting yet others, with the objective of obtaining a faster and more appropriate response in supply.

When they are well conceived and adequately financed, subsidies are an important instrument in economic and/or social policymaking. It is right to say that it would have made more sense to have encouraged farm production, geared to the domestic market, as it would have improved the living conditions of the mass of the population. But this was not done, and, if the food intake of the average Brazilian has not deteriorated over the last two decades, this is because of the increase in wheat consumption, which was only made possible as a result of the subsidies policy. Indeed, both the small increase in protein consumption and the fact that the daily intake of calories did not fall during this period were both the result of the increase in wheat consumption. How can one label as irrational a policy which achieved this? Which resources have been better used, those which prevented a deterioration in the

country's human capital, or those used in the construction of the Transamazônica Highway or in other grandiose projects?

Now let us take the case of sugar, which Brazil exports on a large scale at much lower prices than those paid by domestic consumers. Whom does this 'subsidy' benefit? To illustrate the point, let us take the example of the French railway system, certainly, the most modern and efficient in the world. Its high level of efficiency is achieved through a subsidy of 2.5 billion dollars a year. These subsidies are seen as transfers required to achieve the maximum economic rationality and maximum social usefulness. In the case of oil derivatives in Brazil, the policy is not to subsidise the product, but to charge what is considered the best price in the circumstances. This reflects more the tax burden that is imposed on the imported product than the international cost of petroleum. What is subsidised is the locally-produced sugar-cane alcohol used in private cars and taxis, and it is subsidised by the petrol consumers.

The so-called question of de-indexation should be analysed from this point of view. Indexation was created in pursuit of the fantasy that a country can be bestowed with a money and capital market overnight. Generally, fixed income bonds are protected against inflationary erosion by prefixed indexation, that is, by establishing the rate of indexation in advance. From the moment the government issued bonds which were totally protected against inflationary erosion (post-fixed indexation), it eliminated an important element of risk and encouraged the holders of non-monetary financial assets to look for similar protection elsewhere. Of all the capitalist countries in the world, Brazil became the one carrying the least risk.

All over the world the value of fixed income bills rises or falls in inverse proportion to interest rates, and the real value of the latter also rises and falls in accordance with the rate of inflation and can occasionally be negative. But in Brazil the system of indexation has eliminated this flexibility, since it has established a rigid bottom line for the fall in real interest rates. If this bottom line is six per cent, it means that every year economic growth is less than this the share of national income going to rentiers, particularly government creditors, increases. The deeper the recession, the greater the share going to the rentiers, which in Brazil is followed by an increase in the cost of financial intermediation. If the country's terms of trade deteriorate, that is, if productivity falls as a result of the relative increase in the cost of imports, income distribution is affected by a similarly perverse skewing. To try to resolve this problem by 'purging' the indices used for

indexation is like trying to square the circle. As always when numerical indices are concerned, you can have as many solutions as you want. The only objective solution is to index each of the bonds in accordance with the way the money is to be used: housing bonds fixed to rents; electricity investments to the price of the kilowatt; and so on. It would also be possible to set up a special system for small savers in which deposits are limited to a certain number of minimum wages, and earnings are exempted from income tax. What does not make sense is to create a situation in which financial capitalists receive privileged treatment.

The question of protecting the real wages of the mass of the population is something completely different. The minimum legal wage is not the product of market forces. It is the result of a political decision and is intended to make sure that workers' wages are not below the level of subsistence. Once defined, it takes on the role of a reference mark in the ordering of economic activities. There are no real difficulties in protecting the real value of the minimum wage, given the simplicity and stability of the basket of goods which defines its value. As the minimum wage aims to assure subsistence conditions, it should not decline when growth rates fall or the economy enters a recession. Only wages of a higher level should fluctuate in accordance with market conditions. This is what you observe in developed capitalist economies, where the average wage increases with rises in productivity, and the minimum wage climbs even more quickly. The tendency in these societies is towards social homogeneity.

But the situation is very different in Brazil. If we examine the 1970-80 period, we see that average productivity increased by 70 per cent, while the average real wage grew by only fifty per cent and the minimum wage stagnated. This stagnation in the minimum wage was responsible for the relatively slow rate of growth of the average wage, because wages at the top end of the scale grew even more quickly than average productivity. All this helped to increase social inequalities in the country.

Over the last three years the recession has led to mass unemployment for the mass of workers on the minimum wage and cuts in real wages for those at the middle and top end of the scale. What then is the point of 'purging' the indices used to protect the value of the minimum wage? Wages at the middle and top end of the scale are fixed by market forces. But the minimum wage is outside this scheme and, if it is squeezed, it drags down the wages of the vast majority of Brazilians who earn up to three times the value of the minimum wage. The objective is to carry out

another wage squeeze similar to the one imposed in the mid-1960s at the beginning of the present phase of authoritarian rule, a squeeze that is even more painful because the lowest wages have never recovered from the erosion suffered over the last twenty years. Moreover, it must be pointed out that the present prolonged recession means that people cannot make up for the decline in real wages by sending another member of the family out to work.

What is being achieved by pushing down the purchasing power of the mass of the population? It is nonsense to claim that production costs are being forced upwards by wage increases, as the share of the latter in total costs has been declining with the increase in financial costs. So the only objective must be to deepen the recession, adapt the economy to a lower level of imports and make it possible for the country to run ever increasing trade surpluses over the next few years so that the demands of the creditors can be satisfied.

### **What Can Be Done?**

'Change the wheels of the train while it is travelling at full speed.' This old adage describes perfectly the challenge facing those political forces which are trying to rescue Brazil from the crisis it has been brought to by the techno-authoritarian system. The control instruments have broken down, but Brazil cannot wait to have them repaired before changing course. What is most important of all is that Brazil recovers its freedom of action and takes over full responsibility for its destiny. The synergy of an economic system depends on the efficacy of its control instruments. The dynamism of the market cannot by itself produce this synergy, for regulatory mechanisms that ensure the coherence of the whole are equally necessary. At the centre of the system is political control, which overrules economic forces.

The agreements that Brazil has signed with the IMF considerably restrict the freedom of action of the Brazilian authorities in economic affairs. Breaking these links is an absolutely essential first step if Brazil is to recover the prerogatives of a sovereign state in its negotiations with its private creditors. The symbiotic relation between the IMF and the big banks has created an ambiguous situation which allows private foreign institutions to influence the direction of our economic policymaking.

The recovery of our freedom of action should not be seen as a deterioration in our relationship with other countries. It is not a question of reneging on commitments undertaken earlier, but of reconciling the need to satisfy our foreign obligations with the recovery



of our economy. The increase of our exports cannot be separated from the expansion of the domestic economy and, much less, be based on a local recession.

The most intelligent way of approaching negotiations with our creditors would be on the basis of an agreement on certain general principles with other Third World countries which are facing similar situations. This would be the quickest way of persuading creditors to accept a global renegotiation through which a just division of the losses could be made and the ground prepared for a return to normal international cooperation. It is clear that the main industrial countries are unwilling to make the first move in this direction, either because they lack the political will to do so or because they have failed as yet to become aware of the true nature of the present crisis. However these negotiations turn out, debt servicing must not be allowed to stifle our economy and a great effort must be made to free our trade with other Third World countries from the traditional forms of financing.

We must be prepared to face a long period of financial abstinence on the international financial market. This will force us to reconstruct our own financial system, which is today largely dependent for finance on resources obtained abroad.

The rebuilding of our policy instruments is surely the most urgent task. The excessive opening up of the financial system has taken away a large part of the freedom of action of the monetary authorities. As they are also heavily dependent on the financial market to roll over the internal public debt, they have been reduced to a state of semi-paralysis. In exchange affairs, they are little better, for they are heavily dependent on obtaining foreign loans and have linked the indexation of treasury bonds to the dollar. To compound their helplessness, the swelling of the monetary budget has reduced the importance of fiscal revenues.

What our objectives should be is clear enough:

Regain control over the monetary and financial circuits—which will mean that the Central Bank must resume its original function of efficiently policing the financial intermediaries, of controlling the liquidity of the economic system, and of administering interest rates;

Provide the public sector with other sources of financing so that it no longer stifles the private sector—which will require fiscal reforms that effectively increase the rate of savings and ensure a consolidation of the internal public debt on foundations that can be supported by the society; and,

Restore the *cruzeiro* as the only reference currency in the economy.

Once full control over the policymaking instruments is regained, it will be possible to direct investments and public expenditure in general in a new direction. At the moment, investment is at a very low level. The situation is reminiscent of one in which a runner is attempting to move forward, but finds that the track is slipping away under his feet in the opposite direction, and at a much faster pace. The investment efforts are wiped out by the low level of efficiency resulting from the generalised disorder. The basic problem is not the level of investments, but the lack of coordination between them. Some investments ought to be stopped, others restructured over a different time period, others reorganised so that their functions are changed, and yet others simply enlarged.

What is required is the rebuilding of structures; simple market logic is not enough, as this would necessarily lead to a greater underutilisation of resources. Only an overall view, worked out in detail, will enable more efficient ways of using the available resources to be developed. If productivity increases, it will then be possible for the rate of savings to increase. This second objective can only be successfully realised if the model of development is changed so that a much smaller proportion of total savings goes to non-productive activities. If the rate of savings is not improved, inflationary pressures will increase and the social cost of development will go on rising.

The limitations imposed from abroad combined with the present anti-social model of development create internal and external disequilibria that restrict growth rates. Only a change in the kind of development towards less elitist patterns of consumption will enable the country to obtain reasonably high growth rates in unfavourable world conditions.

To sum up, what must be done is to recover the country's freedom of action, to rebuild the instruments of economic policymaking, to redirect investment and to change the development model. The task is extraordinarily complex, but it can be performed with the use of the technical skills available in the country. However, it will only happen if Brazilian society produces the political will that is required to overcome the present inertia. But it must not be said that there is no alternative to recession and impoverishment. Men and women do not choose the circumstances into which they are born, but they are responsible for the choices they make in the face of the options they are given.



## The Fall of the Argentine Military

As democracy emerges, Phoenix-like, from the ashes of Argentina's failure and defeat, Raul Alfonsín's election marks the end of the primacy of the two dominant forces in Argentine politics during the previous half-century, Peronism and the military. Despite the many difficulties which Alfonsín will face, public opinion has been so badly shocked and the military and the Peronists so completely discredited that he has taken power less vulnerable to political intrigue or military coup than any Argentine president since the 1920s. Yet the political stakes remain high. Hopes are pinned so strongly on Alfonsín that serious failure could be catastrophic for the self-confidence of Argentina as a whole. He is surely that country's 'last, best hope' of breaking out of the cycle of political and economic decline which it has suffered during the past half-century.

### **The Military in and out of Power**

The story of Alfonsín's triumph cannot be told without some reference to the political destruction of the regimes which preceded his. His immediate predecessors, of course, were military. It is almost a paradox that a country as wealthy (potentially and actually), urbanised, literate and in most respects developed as Argentina should have suffered military rule for so much of its recent history. Yet it would be quite wrong to see the country as suffering oppression under a military jackboot from which it longed to break free. Quite the contrary; military regimes in Argentina have never governed, and have rarely sought to govern, without substantial social support. Military desire to avoid complete isolation, which played a decisive part in the decision to call elections after the Falklands defeat, has been no less consistent a feature of its political role as has its constant assumption of government. Where the military has ruled, it has done so with the support of civilian allies (and not always the same civilian allies); indeed, so common has been the sight of civilians calling for military intervention that Argentines have a phrase to describe it: 'knocking on the doors of the barracks'.<sup>1</sup>

<sup>1</sup> For excellent accounts of the historical evolution of the Argentine military in politics see A Rouquie, *Pouvoir militaire et société politique en Argentine*, Paris, 1978 and R Potash, *The*

After overthrowing a Radical government in 1930, the military governed for the next fifteen years in alliance with civilian conservatives, under a formally democratic system regulated by fraud. Then, after 1943—as the military divided under US pressure and the impending German military defeat (traumatic to the Axis sympathies of many officers)—Colonel Peron began to build a base within organised labour for the political opening which was becoming inevitable. When democratic elections were held in 1946, Peron won. He was re-elected in 1951 but overthrown in 1955 by officers concerned at his apparent movement towards a personalist autocracy. Peron, however, was far more popular than his opponents in the military realised. The prime military-political objective of the subsequent decade, then, was to prevent his return. But even here the military had allies, notably in the older political parties who had found themselves superseded by Peronism and now wanted their chance. Between 1955 and 1966 there were two military interregna and two periods of presidential rule by different factions of the Radical Party, but the basic division of Argentine political society into Peronist and anti-Peronist remained.

In 1966 General Onganía came to power in another coup. This time political parties were completely pushed aside. Onganía based his rule on civilian conservatives (associated with various business elites) and on informal understandings with some trade union leaders, Peronist in name, but too conscious of their own position to welcome the return of Peron in practice. Onganía put his faith, not in politicians but in development and technocratic rationality; the term 'bureaucratic-authoritarianism' was coined to apply to this regime and then generalised, less successfully, to others.<sup>2</sup> Yet this experiment was short-lived. Despite its superficial economic successes, it faced increasing popular opposition—urged on by the Peronist movement which was becoming desperate due to its isolation from power and increasingly willing to resort to drastic measures to regain it. Serious rioting at Córdoba in 1969 shook the regime. What brought it down, however, were the beginnings of urban guerrilla activity in which one prominent trade union leader, Vandor, and one senior military-political figure, Aramburu, were dramatically assassinated. But the worst was yet to come.

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*Army and Politics in Argentina 1928-45*, Stanford: Stanford University Press, 1969 and *The Army and Politics in Argentina 1945-62*, Stanford: Stanford University Press, 1980.

<sup>2</sup> G O'Donnell, *Modernisation and Bureaucratic-Authoritarianism; studies in South American politics*, Berkeley: University of California Press, 1973.

By 1971 the top military leaders had decided that the military's isolation from society was dangerous and must end. By then, the regime faced general unpopularity among both an increasingly politicised middle class and an entrenched labour bureaucracy. Even more dangerous, the regime faced an increasing terrorist threat, mainly from the Peronist Left. This Left, originally encouraged by Peron himself who had earlier feared being marginalised by an alliance between the military and the trade union bureaucracy, became increasingly ambitious and violent. By the early 1970s it was becoming a major threat to public order.<sup>3</sup> The military felt that it could not deal with such a threat unless it had a good deal more backing from civil society than it enjoyed at that time; therefore, they argued, a political opening was necessary. Generals then manoeuvred for position assuming that Peron was now too old or too frightened to return to Argentina to take part in open elections. In this manoeuvring lay the seeds of the hyper-inflation which, though partially suppressed in the late 1970s, has not yet been brought under control. In the event, it was all in vain. The generals were completely out-manoeuvred by Peron who first arranged for the election of a surrogate (Cámpora) in March 1973, and then returned himself. He was elected President in September and took office in October 1973.

This was not the only miscalculation made by the military. The generals hoped that a return to open politics would put an end to Left-wing terrorism. In fact open politics only strengthened the terrorists, at any rate in the short run. Many, who had been gaoled, benefited from Cámpora's amnesty, and promptly sought revenge on the police who had arrested them and the judges who had sentenced them. Others were able to regroup and use the open conditions to attract fresh support. By the time of Peron's death, in July 1974, Argentina was close to being ungovernable; the increasingly active operations of counter-terrorists added to the violence.

But who were these counter-terrorists? Some, undoubtedly, were armed and financed by rich and powerful men either in fear or in search of revenge. The wave of assassinations and kidnappings had by then come to include trade union leaders (José Rucci was killed in 1973), businessmen and—of course—members of the security forces. Others were Right-wing Peronists anxious to ensure that this continuing violence did not bring the military back into power. They hoped that

<sup>3</sup> An excellent study of the Peronist Left appears in R Gillespie, *Soldiers of Peron: Argentina's Montoneros*, London: Oxford University Press, 1983.

they themselves would be able to eliminate the 'subversives' before the military moved in formally to do so. The notorious Triple-A (AAA) organisation operated from the Ministry of Social Welfare, run by José López Rega, sometime astrologer and now adviser to Isabel Peron (who succeeded her husband as President upon the latter's death). Last, but by no means least, were plain-clothes units from the regular army itself; these units were created for counter-insurgency purposes and allowed to arrest, torture and murder with complete freedom, and promoted and shielded by very senior officers who would deny publicly that anything of this nature was taking place.

The government of Isabel Perón quickly fell apart. Inflation increased; in March 1976 it had reached 700 per cent per annum and was rising fast. Isabel's trade union allies lost confidence and grew to detest her authoritarian tendencies, and political violence continued unchecked. The military coup of March 1976, therefore, was greeted with some relief as well as with the active support of the business and commercial Right which longed to see some effective government and some competent economic management. It is worth pointing out that the two directly anti-Peronist military coups (of 1955 and 1976) did not take place because of the government's perceived Leftism but rather for reasons which, at bottom, related to the personality of the two Perons.

### **Videla and Viola**

Following this coup, the Argentine generals made two strategic choices, both of them implicit in what had already happened, but both of them very damaging to the long-term prospects of the government. The first was to continue the 'dirty war' against the 'subversives' rather than pursuing them through quasi-judicial means. It was already, of course, rather late for the Argentine military to pull out of its alliance with Right-wing terror groups of other kinds; the counter-insurgency battle had been fought by 'dirty' means at least since July 1974 (the military had also been brought in to combat an orthodox guerrilla movement in Tucuman in 1973) and the military had already acquired secrets which it wished to keep. It was also true that confidence in the judicial process had been badly shaken by Cámpora's 1973 amnesty. Moreover, there is no legal death penalty in Argentina and an attempt to introduce one would have been controversial and might have highlighted the repressive measures already being taken but which the authorities were anxious to shield from world attention (at least as far as this was possible). Further, it would have been hard for the leaders of a Catholic

country to refuse a Papal request for clemency on behalf of any captured guerrillas. In fact, a quasi-judicial procedure was introduced; in 1975 a decree enabled special tribunals to hand out secret sentences including the death penalty, but in practice the counter-terrorists pursued their quarry with little or no legal support or sanction.

Some Argentine conservatives (notably the *Buenos Aires Herald*) did advocate a 'judicial' approach to the terrorists but the idea was quickly rejected (if, indeed, it had ever been seriously considered). Instead the military went for the more sinister alternative of death or kidnap squads operating from unmarked cars to capture, interrogate (under torture) and often kill those whom they suspected of terrorism. The military leadership also showed a remarkable naïveté as to how this kind of activity would look to the outside world. The psychological impact of 'disappearances' on friends and relatives was even greater than death might have been, and it was not long before the mothers of disappeared people began to mount their vigil outside government offices in the Plaza de Mayo. In 1979 the Argentine government even allowed the Inter-American Commission on Human Rights to visit Argentina (a visit which coincided with a rash of car stickers asserting that *Argentinos son justos y humanos*), despite the inevitability of a strongly negative verdict (which duly materialised).

Repression was also organised in a very decentralised way. Decentralisation was inevitable given the deep conflicts both within and between the military services in Argentina; it was also a mechanism by which as many officers as possible were directly involved in the repression so as (the military hoped) to reduce the chances of a 'Nuremburg-style' calling to account of the worse military torturers. Under these circumstances, such relatively liberal officers as Videla and Viola, despite their formal positions of authority, did not enjoy complete control over what was happening. Hard-line army officers, and the even harder-line navy, operated with almost complete independence, torturing and murdering as they saw fit. Indeed, hard-liners within the military also used the power given them through their control over terror to put political pressure on other sectors. The comparative liberals, Videla and Viola, soon found themselves under pressure from the extreme hard-liners—Camps, Suarez Mason and Menendez, not to mention Admiral Massera.<sup>4</sup> Timmerman recounts the case of one family tortured in order to secure a confession which could be used against a

<sup>4</sup> J Timmerman, *Prisoner without a Name: Cell without a Number*, Harmondsworth: Penguin, 1982.

political ally of General Viola, in order to damage the political credibility of the latter. That counter-terrorism practised by the state can have internally divisive consequences is widely known, and examples for the same period can be found for Brazil and Chile.<sup>5</sup> What seems particularly important with respect to Argentina, however, is that the effects were to block the emergence of a strong military president, to fill many cupboards with skeletons and to create many difficulties for any strategy of military liberalisation of politics after the immediate threat from the Montoneros had been defeated.

The second fateful decision taken by the incoming Videla government was to avoid drastic 'Chicago school' measures in dealing with Argentina's inflation problem. There was considerable austerity at the beginning, but this was not sustained. Part of the reason for this was that the military feared alienating the powerful trade unions whose leaders, at least, remained benevolently neutral in the 'dirty war'. It was feared that a serious attack on working class living standards might make the security problem a good deal more difficult. A further reason was that the military itself was anxious for glory. The World Cup was staged in 1978 as a public relations showcase and from 1978 onwards the military embarked on a major rearmament programme after a 'war scare' with Chile early in the year.

As an alternative to the painful, but usually efficacious, measures recommended by monetarist economists, the Videla government came to adopt what promised to be an easier path to monetary stability. Economics Minister Martínez de Hoz was given the task of restoring financial confidence, with the familiar rhetoric of stabilisation, and sought to use the real exchange rate to put pressure on prices. In other words, Argentina borrowed billions of dollars (keeping domestic rates of interest high enough to encourage private, as well as official, borrowing abroad), kept its exchange rate high and hoped that price expectations would be influenced downwards. In 1980 Buenos Aires became one of the most expensive capitals in the world. The failure of this strategy was quite remarkably complete. The high exchange rate had only a limited effect on inflation (which never fell below 80 per cent per annum in any year after 1976) but savaged domestic industry as effectively as the worst monetary squeeze. (Import liberalisation, which was another aspect of policy, did not help in this case either.) Industrial production fell by a quarter between 1976 and 1980. In 1981 the policy was

<sup>5</sup> G Philip, 'Military-Authoritarianism in South America: Brazil, Chile, Uruguay and Argentina', *Political Studies*, 23(1) March 1984.



destroyed by a speculative panic. Billions of dollars left the country (representing a permanent loss to the economy, and involving not a few corruption scandals) and the *peso* was heavily devalued. Inflation began to increase, from a 'low' of 80 per cent per annum, and living standards were really squeezed. By the end of 1981, therefore, economic policy had achieved none of its objectives. Inflation was over 100 per cent and rising; unemployment was increasing and living standards for those in work were falling; industrial production had fallen disastrously and, if this were not enough, Argentina had also greatly increased the size of its foreign debt to finance little more than speculation. Austerity measures, which might have been forgiven in the immediate aftermath of a military coup, now had to be applied to a restive and resentful populace.

The magnitude of this failure was even more apparent since, as all Argentines know, Argentina is potentially a rich country. (There is a popular saying in Argentina that a Japanese works 358 days in the year to live for just one week like an Argentine.) Unlike Chile and Brazil, it is largely self-sufficient in energy and was thus not greatly concerned by the oil shock of 1979–80. Since Argentina's exports are mainly agricultural, they are less vulnerable to world slump than are (say) those of Chile. Moreover, Argentine exports received a particular boost in 1980 when President Carter considerably imposed his grain embargo on the USSR (the other main beneficiary of this move, apart from Argentina, appears to have been Ronald Reagan).

By the end of 1981 it had become clear that the military regime in Argentina had failed economically and, although succeeding in the physical destruction of 'subversion', had created major political problems for themselves in the manner of their doing so. One way out remained, however. The Argentine military had begun to consider adopting an unprecedentedly belligerent foreign policy after their 'dirty war' victory. Military adventure offered the possibility of a political victory and might have made feasible its main objective—re-entry into civil society on its own terms—despite the economic failures and the 'dirty war'.

### **Decline and Fall**

When General Galtieri removed Viola as President in December 1981, the Argentine military had (we now know) already decided upon a policy of increased international belligerence. It was, however, a matter largely of chance that the Falklands proved to be the first target. By the end of March 1982 Argentina had already taken a belligerent line with

Chile over the long-lasting Beagle Channel dispute, semi-officially laid claim to half of Paraguay (leading to a sharp diplomatic protest from the latter) and publicly offered proxy troops to help the United States in Central America. Galtieri thought that a strong pro-United States line on other matters would be enough to protect him from the reaction to the Falklands seizure that eventually occurred. He later told a journalist that he had considered himself 'the spoilt child of the Americans'.

There is no need here to discuss the Falklands conflict in any detail. Plainly it did not go well for Argentina, where the shock of military defeat was accentuated by the mendacity of earlier official accounts of the fighting. As Rouquie put it,<sup>6</sup> 'the manipulation of opinion was conducted in a masterly way; from 2 April to 13 June, helped on by nationalist fervour, the Argentine armed forces were supposed to go from triumph to triumph. On 14 June General Menendez surrendered at Port Stanley'. Following military defeat, then, the military government was about as discredited as it is possible for any government to be. Subsequently the military did in fact move with some political sophistication and their departure from power was comparatively well managed, but the damage, perhaps irreversible, to the reputation of the military had already been done.

### Democratisation and its Consequences

The first step in the military retreat from power was the removal of Galtieri. The army also refused to accept the air force commander, Llami Dozo, as the new president—fearing, no doubt, that the latter might seek to maintain himself in power. Instead, the army chief of staff deliberately chose as president a retired general, Bignone, who had no military-political base of his own to preside over a retreat from power. (The air force was so upset at this turn of events that it left the ruling Junta for several months.) Elections were promised for January 1984 and then brought forward to October 1983, long enough—as the military hoped—to restore some measure of credibility to its own institution. Hard-line rumblings from within the army were just strong enough to deter any inflammatory civilian criticism of the military but not strong enough to bring the holding of elections into serious question. Thus, after a time, civilian political parties—which had retained an impressive unity while demanding elections—began to switch their attention to attacking one another. Meanwhile the military began a period of institutional convalescence; new armaments were

<sup>6</sup> 'Argentina: the departure of the military', *International Affairs* 59(4) Autumn 1983 p 575–87.

bought, a measure of internal discipline restored and internal enquiries found a manageably short list of officers to take the blame for everything that went wrong. Courts-martial have been recommended for Generals Menendez, Galtieri and a few other army officers and also for Admiral Anaya. Thus the military has been able to pre-empt civilian demands for vengeance to some degree while also helping to improve its own credibility and morale as an institution.

One interesting feature of the past year has been a major split between the military and the financial elite, each of whom has blamed the other for Argentina's increasingly pressing economic problems. Martinez de Hoz has found himself in official disgrace; the other neo-liberal economist Alemann, who served for a few months under Galtieri, has himself been strongly critical of the military. This split found its most dramatic expression in October 1983 when the head of Argentina's Central Bank found himself briefly under arrest for agreeing to a rescheduling of the country's foreign debt on terms which the air force, in particular, found objectionable. Under these circumstances (and also because foreign policy tilted 'Left' under Bignone) the last constituency of the military—financial and business interests—openly deserted it. If the military does take power again, it is very likely that the next coup would be from the Left.

It was John Kennedy who said, after the Bay of Pigs debacle, that 'Victory has a thousand fathers; defeat is an orphan'. Certainly since June 1982 the military has lost its friends and previous association with military rulers has come to be regarded as a liability. It is ironic that the Peronists suffered more from this association than the Radicals. As we have seen, two Radical presidents between 1955 and 1966 were allowed to win elections from which the Peronists had been excluded by the military. The veteran leader of the Radical Party, Balbín, had been as close to the inner councils of the post-1976 military as had any of the Peronist union bosses. Yet, and here is the decisive point, the vote in October 1983 was for Alfonsín himself rather than his party.

Alfonsín was not a mainstream member of the Radical Party; in 1972 he had led a splinter group opposed to Balbín's cautious and conciliatory line. He was openly (and courageously) opposed to the tactics employed by the military in the 'dirty war' and was also one of very few Argentines who condemned the invasion of the Falklands when it took place. When politics in Argentina opened up (after the death of Balbín) Alfonsín was able to win the nomination of the Radical Party mainly because he was the most promising potential electoral candidate.

The Radical Party was pushed into minority status in 1945 by the rise of Peronism. It subsequently suffered defeat at the hands of the Peronists when elections were open (as in 1951 and 1973) but was able to win when the Peronists were prevented from standing. The party was notably middle class—supported neither by real capitalist interests, which preferred to operate through the military rather than electoral politics (or in some cases supporting minor parties of the Right)—nor by the Peronist working class. Its image was somewhat stuffy—respectable, moral, unexciting and elderly. It was the party of government officials and bank clerks. In order to win, therefore, Alfonsín had to appeal beyond this natural, but minority, vote to a broader constituency. He proved able to do so mainly because he was able to present himself as the candidate best able to defeat the Peronists.

What the October elections showed most clearly was the discrediting of Peronism among all but its most committed supporters. In retrospect this discrediting is understandable enough even though at the time few observers expected it to go as far as it did. It is, of course, true that the death of Peron himself in July 1974 removed much of the mystique from the movement. Peronism was never a serious doctrine; it is true that Peron promoted the 'doctrine' of *justicialismo* but this was never taken very seriously even by his supporters. The movement was partly charismatic, partly an expression of class solidarity (the Buenos Aires working class is certainly the strongest in Latin America) and partly a flag of convenience for the various bureaucratic interests (notably in the trade unions) which found their home in the movement. Yet without the personal appeal of Peron, the essential tawdriness of Peronism—its authoritarian and backward looking nature—stood revealed.

Moreover, not only was Juan Peron dead but Isabel Peron remained alive. While making allowances for Isabel's unpreparedness for the presidency (she was made vice-presidential candidate in 1973 to block other possible candidacies, not in the expectation that she might succeed) she was probably the worst president in Argentine history with the possible exception of Galtieri. The years 1974–6 were evidently traumatic from any possible point of view, and Isabel was subsequently imprisoned on corruption charges (these were well documented and her defence was not entirely convincing). Yet Isabel, though not herself a candidate, was still officially regarded as the honorary head of the Peronist movement and no attempt was made in 1983 to repudiate any of the errors made in 1974–6. The electorate was almost bound to wreak retribution. In fact an opinion poll conducted early in 1983

produced the information that just over one half of respondents put Isabel Peron at the very top of the list of people for whom they would under no circumstances vote.

Finally, there was the scandalous nature of many leading Peronists. While the Peronist presidential candidate, Luder, and his main rival Cafiero, were both men of honour, the same could not be said of some of the local candidates and union leaders who supported them. Suspicions of thuggery and intimidation, of the connivance by some union leaders at the 'dirty war' fought against the Peronist Left (which, after all, was the sworn political enemy of the bureaucratic union leadership), were certainly electorally costly although they could not easily be proved. While it is true, and it was generally recognised, that there is an 'acceptable face' of Peronism, the authoritarian nature of the movement made it impossible to dispense with those whose continued prominence had become a liability. It is also true that these suspicions of thuggery and double-dealing would not have been so costly as they were if the previous authoritarian regime had not been so convincingly discredited. Internal authoritarianism is both necessary for survival underground during periods of hostile military rule and helps to explain how Peronism managed to survive so well in a hostile political environment between 1955 and 1973. Under adverse conditions, an ability to 'face both ways'—dealing at arms length with a military government and also appearing to represent the unions and Peronist rank-and-file—was perhaps necessary. But these techniques, and the physical and political corruptions that often went with them, were seen as at best obsolete and at worst criminal after the political opening of June 1982. The Argentine electorate wanted a clean break with the problems and failures of the past. Peronism could not provide one.

### **The Outlook**

It would be easy to conclude by emphasising the difficulties that Alfonsín faces. He must either break free of recent Argentine history or be sucked back into it. However, it seems more worthwhile to end on a note of comparative optimism for there do seem to be important conditions working in his favour.

It is true that the coalition which has supported him is diverse. Perhaps as much as half of his vote (of 54 per cent of the total cast) was not by any means a traditional Radical vote. Some of it came from the Right, whose own parties might perhaps have expected 10 per cent of the popular vote but in the event polled a negligible share. A good deal

of support came also from the independent voters who might on another occasion have supported the Left. There can be no doubt that some of Alfonsín's supporters want very different things from each other and some disappointment will be inevitable whatever the President does. Yet this is nothing new in Argentine political history; Peronism itself has meant many different things to different people, as did the Radical Party in its earlier, majoritarian, years of 1916-30. Indeed, if these various supporters, and in particular commercial and business interests, can settle their differences *within* the Radical Party, this will do much to reduce the danger of renewed military intervention. Radical leaders have already stressed that their party is open to a variety of interests and they may be trying to create a broad centrist or moderately conservative party whose absence since 1945 played an important part in the country's political difficulties.

It is also certainly true that the Argentine economy is currently in a dreadful mess, with hyper-inflation, a severe foreign debt and, at the same time, falling real wages and serious industrial decline. Even so, Argentine public opinion will be more patient with Alfonsín than it was with the military. Expectations have been lowered by recent political experiences and Alfonsín will surely be able to take some strong measures to restore the economy. However, as a democratically elected ruler, he will not find it easy to take drastic austerity measures and, in this sense, his performance will be a good test for the Latin American 'structuralist' thesis that a mixture of controls and restrictions offers the chance of reducing inflation without imposing excessive pain on the main social groups. He has already cut heavily into the military budget, which is one of the few areas where major economies can be made. There is a greater question mark over the banks and the IMF who view Argentine democracy without sentimentality and are impatiently waiting for Alfonsín to turn to the path of fiscal orthodoxy; some serious problems could lie ahead in Argentina's relations with the banks. However, Argentina remains, fundamentally, a rich country and can undoubtedly recover quickly if economic policy improves. As one noted banking economist put the matter privately, 'There is nothing wrong with the Argentine economy which one year of good government wouldn't cure'.

In political terms, the danger to Alfonsín is more likely to come from the Left than the Right. Optimists hoped that the Peronists would respond to defeat by instituting a degree of internal democracy which might permit respectable and popular figures to come forward.

Certainly Alfonsín had no desire to humiliate the Peronists, and would much prefer to govern with a loyal opposition if at all possible. Yet there are real problems here because, while Alfonsín's victory discredited (at least temporarily) the respectable electoral face of Peronism, the union bosses remain in position and ready to capitalise upon purely economic discontent to create problems for the government. Alfonsín's attempts to reform the structure of the unions have so far failed. Moreover, if Alfonsín is unable to achieve some 'nationalist' success on the Falklands or elsewhere he may find himself on the defensive against criticism from this quarter.

However, purely civilian opposition is more likely to amount to a nuisance than a threat. Only if potentially dissident groups—trade union leaders, foreign policy nationalists or the financial elite—look for and find military allies will the government be vulnerable. The unpopularity of the military is now so great that it should not, for the foreseeable future, be too difficult for the government to suppress any disaffection from this quarter. Thus far, indeed, Alfonsín has treated the military with admirable firmness; many senior officers have been forcibly retired, the institution as a whole has lost some of its costly privileges, and a small number of senior officers have been called to account for their military incompetence and brutality toward civilians. Alfonsín successfully withstood pressure for a wholesale settling of scores with military officers. He directly charged nine top officers (the ruling junta in each of three previous military regimes) with various offences and permitted a few notorious torturers to be prosecuted by private citizens for their behaviour during the 'dirty war'. Alfonsín seems, then, to have successfully avoided the twin dangers of taking an extreme anti-military position and of seeming to lack authority in dealing with the military.

Argentina's political future is likely to depend on whether or not political groups (including the military) have lost their taste for adventure. In the last dozen years, Argentina has had a war, a period of almost total ungovernability, three presidential elections, four different military presidents, and has also undergone boom and slump. It has also substantially changed its foreign policy and foreign trade position. For some of those involved, dramatic political action has come to seem almost an end in itself; some political figures, addicted to their own adrenalin, have come to seek action, violence and confrontation for their own sakes. For others, however, and almost certainly for the majority of public opinion, the political drama has gone on long enough.

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## THE FALL OF THE ARGENTINE MILITARY

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It is now time to wind down the curtain and seek to return to some kind of normality. If he can offer stable, decent and unexciting government and can manage the economy with reasonable skill, Alfonsín may be able to give the majority of Argentines what they want.



## Reagan Arms Policy, the Arabs and Israel—protectorate or protection racket?\*

The Reagan Administration has not been the first to believe that American credibility in the Middle East depends on the readiness to use military power to protect American friends and deter and damage American adversaries. However the officials who came to power with President Reagan in 1981 are the first to demonstrate this by actually using their military power against the Arabs, and to believe that in doing so the President's domestic popularity would be enhanced.

For the first time since the Barbary Wars between 1801 and 1815, US forces have fought against Arabs on Arab soil, and been killed in substantial numbers by Arab attacks. In the course of these military demonstrations, Administration officials have also proved themselves wrong politically—President Reagan was hurt, not helped, by what has happened.

The intentions of the Administration were clear in advance. In 1978, long before Colonel Robert McFarlane was appointed Counsellor to the State Department, Special Middle East Negotiator, and then the President's National Security Adviser, he recommended military interventionism for both strategic and domestic policy purposes. McFarlane wrote: 'There is a value in being even brutal in local crises to signal the superpowers and regional adversaries about US intentions'.<sup>1</sup>

Exactly what McFarlane and his colleagues in the Reagan Administration intended to signal was described very early in the Administration's tenure by Richard Burt, a former *New York Times* journalist who was the Director of the State Department's Politico-Military Affairs bureau, and has since moved sideways to European Affairs. Burt said: 'If [local states] are to be able to resist aggression and intimidation, they must have confidence that they have reliable and capable friends in the

\* This article was first delivered at the invitation of the Oxford Arab Committee at a conference in Oxford on 3 March 1984. The author is particularly grateful to Esther Howard and Robert Mabro, the conference organisers.

<sup>1</sup> Richard G Head, Frisco W Short and Robert C McFarlane, *Crisis Resolution: presidential decision making in the Mayaguez and Korean confrontations*, Boulder, Colorado: Westview Press, 1978, p 75.

West, ready to contribute to their stability with balanced security and development assistance, and ready to support them militarily in a crisis. In short, *we must demonstrate that it pays to be an American friend*'.<sup>2</sup>

By almost any interpretation, Reagan's policy in Lebanon since the US Marines were deployed in September 1982 has been quite as brutal as McFarlane intended it to be. It is well-known that he, along with the Secretary of State, the former Marine, George Shultz, were in favour of Marine ground operations, as well as naval bombardment and aerial bombing, in support of the Lebanese Army and in order to preserve the Gemayel regime against its opponents.<sup>3</sup>

It is evident now that the Administration was extremely reluctant to order the withdrawal of the Marines. It resisted the advice of the Secretary of Defense and the Chiefs of Staff that it do so, for fear that the Arabs would judge the Administration by Burt's standard. It refused to withdraw the US naval flotilla from Lebanese coastal waters when there was United Nations Security Council support for such a move, for fear (in part) of creating the appearance of a concession to Arab and Soviet demands. US officials continued to threaten 'preventive or preemptive' attacks against so-called Arab state terrorism. That the White House decided abruptly, following the Lebanese Army's collapse, to withdraw the Marines and the naval force from Lebanon should, in theory, have led the Arab states to conclude that the US has demonstrated that it costs, not pays, for Arab states to be American friends. They might also conclude that, according to the McFarlane theory, the only victims of US intervention are those whom Washington claims to be helping, while the only value that US displays of brutality have shown is that, at least in the Arab world, the brute turns out to be a paper tiger.

If Reagan's policy were to be judged by its own theory, these might be the conclusions to draw from the past three years. However, these are not at all the conclusions which the pro-American Arab states draw. They have learned that they must pay to be American friends, in order to avoid being the target of American brutality, Israeli brutality, or what is really the most fearful brutality of all—an uprising by their own people.

Thus, American policy in Lebanon proves to be a salutary lesson in the opposite of what commonsense might suggest. President Hosni

<sup>2</sup> Testimony before Subcommittee on International Security and Scientific Affairs, Committee on Foreign Affairs, US House of Representatives, 23 March 1981, p 11.

<sup>3</sup> *Report of the Department of Defense Commission on Beirut International Airport Terrorist Act* [of] October 23, 1983 (Washington DC: US Department of Defense, 20 December 1983), p 40.

Mubarak of Egypt and King Hussein of Jordan demonstrated how well they appreciated this in an unusual series of meetings they had with President Reagan in Washington in mid-February 1984.<sup>4</sup>

When all three met together, Hussein and Mubarak said what they had agreed, at a prior meeting, to tell the President. Lebanon, the two Arab leaders said, was a mere 'sideshow'. The emphasis the Reagan Administration had placed on achieving a policy victory there was unnecessary. The Palestinian issue was more important, they insisted, and they urged the Administration to shift its emphasis to the problem of the West Bank and the Gaza Strip.

The American officials who were present were gratified at the ease with which their Arab allies disposed of the lessons of Lebanon. But they were even more reassured by what the Egyptian and Jordanian leaders told them in their separate, bilateral meetings. There they learned that the Syrian and Muslim victory in Lebanon was less a cause of blame for a US failure than a reason for a new appeal for US protection and financial support. So keen were Mubarak and Hussein to obtain Reagan's protection that they privately sought to outbid and undercut each other. Lebanon's loss was, it seemed at the White House, to be the Reagan Administration's gain.

To understand why Administration officials will not concede the 'failure' in the Arab world which commonsense might suggest, it is necessary to know what Mubarak and Hussein had to say when they were alone with the President. Mubarak, for example, told Reagan that Egypt was the strongest and most appropriate state to play the role of protector of the Arab Middle East from threats to pro-American governments, either from Iran and Syria, or from internal dissidence and subversion. Egypt, he said, had its own forces trained and equipped for the rapid deployment role. What was needed, the Egyptian president declared, was a decision by the White House to shift the emphasis away from the Jordan-based force which it had proposed, and a fresh injection of US and Saudi funds, arranged jointly, to enable Egypt to play this role.

In his turn, Hussein wanted American reassurance that the proposal to finance a Jordanian rapid deployment force, originally conceived in 1981 and blocked by Congress every year since then, still had the Administration's full backing. He told Reagan that Syria's threat to

<sup>4</sup> For elaboration of these talks, which is based on confidential sources, see Claudia Wright, 'How Hussein and Mubarak vied for Reagan's ear and US funds', *Christian Science Monitor*, 23 February 1984, pp 7-8.

Jordan was far more dangerous than its intervention in Lebanon, and that he was counting on the US commitment to deliver the protection he needed from Damascus. Without that, he said he could make no move towards the negotiations with Israel which the President had proposed.

Mubarak was told that the US would think about his proposals; in fact, almost none of his appeals for additional military aid will be granted. Hussein was told that nothing had changed to weaken the Administration's support. As a token of that, the Administration notified Congress of its intention to supply Jordan with about sixteen hundred 'Stinger' low-altitude, surface-to-air missiles. They presented the pro-Israel bloc in Congress with such an obvious political target in an election year the King assumed the Administration could not have offered them unless it was convinced it could overcome the Congressional opposition and deliver.

Mubarak and Hussein thus left Washington with vague expectations but little substantial to show for their requests. By making these requests, however, in circumstances in which the Administration was potentially vulnerable to a display of Arab *independence*, they left Washington even weaker and more dependent on the US than they would have been if they had not come at all. In the Administration's political calculations, there was nothing to be gained from Egypt or Jordan by a battle with Congress over additional weapons and military aid which the pro-Israel bloc opposed. On the other hand, there was much to be lost in domestic political terms.

The Congressional opposition conceded that the 'Stinger' missiles would not significantly alter the balance of military power between Jordan and Israel. It also acknowledged the Jordanian rapid deployment force was already in existence, much of it trained with equipment in the Jordanian army's inventory. Limitations the Administration offered to place on the aid to Jordan—special storage and inspection arrangements for the 'Stinger' in arsenals open to US inspection, US Airforce pilots to fly the aircraft needed to transport the Jordanian force—answered the major objections of the pro-Israel bloc. But these were not the real point of the opposition.

The pro-Israel bloc contested the Administration's proposals in order to keep Jordan militarily weak and to ensure that in their uncertain dependence on Washington, the Jordanians could never acquire enough confidence in US support to risk genuine concessions in their negotiating posture towards Israel. The basic objective of the Israelis

and their allies in Congress was thus to prevent Jordan from gaining either a military or a diplomatic advantage over Israel.

King Hussein's display of anxiety in Washington played right into the Israelis' hands. He convinced the Administration that it risked less by abandoning the appearance of supporting him than by alienating the pro-Israel bloc before the Presidential election. Accordingly, the Administration decided to abandon the 'Stinger' proposal even though leading Congressional figures acknowledged that the Administration enjoyed several parliamentary advantages and that Congress had never before rejected such an arms sale. The Administration's retreat was all the more ignominious for including the withdrawal of a proposal to sell a smaller batch of the same missiles to Saudi Arabia—a sale the pro-Israel bloc had chosen not to oppose.

The Israeli strategy has been similar with Egypt. The pro-Israeli bloc does not consider that additional US military finance for Egypt would threaten Israel's security. But it does aim to prevent the Administration linking US aid to Egypt on approximate parity with the value of US aid to Israel. By keeping Egypt weak and uncertain, the pro-Israel Congressmen can ensure they control the terms on which the Administration can protect the Egyptian leadership.

This is not a protectorate in the traditional mould of the Great Power empires in the Middle East. It is a framework for one of the largest and most profitable protection rackets in the world. It requires the Arab states to pay the US for protection from harm, or else they will suffer it. They must continue paying because the US ensures that the scope for Israeli harm is always growing, and because US protection for the Arabs is never guaranteed.

This strategy is not an innovation of the Reagan Administration. It goes back to the earliest US strategic war plans of the late 1940s and 1950s, and it has evolved gradually in each of the Administrations that preceded President Reagan. Let me briefly summarise the evolution of this policy, emphasising the *continuities*. Then let me illustrate the ways in which Carter and Reagan Administration policy may have *differed*, and assess the point we have reached today.

American policy on supplying arms to the Arab states and Israel began with a strategic assessment of the Middle East from *one* perspective—the value of the territory to the American and allied side in fighting World War III against the Soviet Union.<sup>5</sup>

<sup>5</sup> Joint Chiefs of Staff, No. 1887/56, No. 1887/61, and No. 1887/70 October–November 1952 (Top Secret). US National Archives, Modern Military Section, Box CCS 381.

The bases of the US Strategic Air Command (SAC) were very important. They were in Morocco, Libya, and at Dhahran in Saudi Arabia. These were intended either for launching first-strike or second-strike nuclear bombing raids against Soviet territory, or for receiving bombers on their way back from their missions.<sup>6</sup> In addition, US military planners collaborated with the British and French in an effort to identify and prepare bases in Algeria, Tunisia, Egypt, Somalia and Iraq for possible use after the outbreak of general war.<sup>7</sup>

Surprising though it may seem in retrospect, until at least the mid-1950s US military planners and policymakers believed that most of the Arabian peninsula and the oilfields on both sides of the Persian Gulf were *militarily indefensible*.<sup>8</sup> They also believed that the oil of the region was *not essential* to the survival of the US and European economies in a world war.<sup>9</sup> Consequently, they regarded the oilfields as not worth an expensive effort to try and defend. 'It would be unrealistic', the Joint Chiefs of Staff concluded in late 1952, 'for the Allies to count on getting any crude oil out from the head of the Persian Gulf area after the first few weeks of war'.<sup>10</sup>

Washington believed that alternative oil supplies could be obtained at lower cost and with less vulnerability to Soviet attack from the western hemisphere. American policy towards the Arab (and Iranian) oilfields was to *destroy* them at the beginning of general war, and deny the oil to a possible Soviet takeover attempt.<sup>11</sup> This was a highly classified secret, and it is likely that Arab leaders never knew it.<sup>12</sup>

The principal strategic interest for the US in the Middle East was, therefore, the Strategic Air Command bases. In Morocco, these were legally on French territory, and France was responsible for the defence of the country and of the regime. In the rest of the region, US policy was

<sup>6</sup> See Peter Pringle and William Arkin, *SIOP*, London: Sphere Books, 1983, p. 35, citing Strategic Air Command strike plans, 1951-52.

<sup>7</sup> Joint Chiefs of Staff, No. 1887/42, March 1952 (Top Secret), US National Archives, Modern Military Section, Box CCS 381.

<sup>8</sup> Memorandum from Chief of Naval Operations to Secretary of Defense, *Availability of the Middle East Oil in Time of War*, 11 March 1953 (Top Secret), US National Archives, Modern Military Section, Box CCS 381.

<sup>9</sup> Joint Chiefs of Staff, No. 1887/71, October 1953 (Top Secret), US National Archives, Modern Military Section, Box CCS 381.

<sup>10</sup> Joint Chiefs of Staff, No. 1887/55, September 1952 (Top Secret), US National Archives, Modern Military Section, Box CCS 381.

<sup>11</sup> Joint Chiefs of Staff, No. 1833/37, 'Demolition and Abandonment of Oil Facilities and Fields in the Middle East', 3 July 1951 (Top Secret), US National Archives, Modern Military Section, Box CCS 600.6.

<sup>12</sup> Wilbur Crane Eveland, *Ropes of Sand, America's Failure in the Middle East*, New York: Norton, 1980, p. 84. Eveland was a US Intelligence agent at the time.

to arm the Arab regimes with whom it had base agreements, and to limit intervention planning to the protection of the bases themselves. At first, US arms were limited to Saudi Arabia and Libya because these provided bases for the Strategic Air Command.<sup>13</sup>

As the risks of general war with the Soviet Union receded in American assessments by the mid-1950s, US arms policy developed fresh objectives that were, at the outset, secondary to the strategic one. King ibn Saud demanded arms to protect himself from the Hashemite armies of Jordan and Iraq,<sup>14</sup> and made US arms aid a condition for continuing the Dhahran base agreement.<sup>15</sup> Sultan Mohammed V of Morocco sought arms to equip his army against Algeria and similarly tied the US response to the future of the Moroccan bases.<sup>16</sup> King Idris of Libya sought protection from internal dissidents and Egypt, and played the same game.<sup>17</sup> President Nasser, it should be remembered, sought US arms for protection against Israel.<sup>18</sup> So did King Hussein of Jordan and the Iraqi prime minister, Nuri al-Said.<sup>19</sup> Israel sought US arms for protection against the Arabs.<sup>20</sup>

Washington has never been particularly knowledgeable about internecine and dynastic disputes within the Arab world. Accordingly, it was reluctant to supply arms to favour one side against another. It was also unwilling to meet Arab or Israeli demands for arms if Paris or London objected strongly. The Pentagon was suspicious that the British wanted to draw the US into arming the British sphere of influence and paying the cost of its defence.<sup>21</sup> Other US officials were unwilling to undermine

<sup>13</sup> Report by the J-5 to Joint Chiefs of Staff on financial negotiations related to the use of Wheelus Field, 570/507, 14 April 1960 (Secret), and US Airforce, 'Operations Plan for Libya', 2264/7, 1 March 1957 (Secret), US National Archives, Modern Military Section, Box CCS 092.

<sup>14</sup> 'US Aid to Saudi Arabia for Negotiation of Long-Term US Rights at Dhahran Air Base', Joint Chiefs of Staff No. 1881/10, 6 March 1950, p. 68 (Secret), US National Archives, Modern Military Section, Box CCS 381.

<sup>15</sup> Joint Chiefs of Staff, No. 1881/15, 6 March 1950 (Secret), US National Archives, Modern Military Section, Box CCS 381.

<sup>16</sup> Director of Naval Intelligence, 'Short-Term Trends in Morocco of Possible US-Naval Interest', 31 July 1958 (Secret), US National Archives, Modern Military Section.

<sup>17</sup> Case Studies of the Military Assistance Program in North Africa (Libya), *Annex of a study of US military assistance programs in the underdeveloped areas*, The President's Committee to Study the United States Military Assistance Program, April 1959.

<sup>18</sup> See a CIA version of the Story: Miles Copeland, *The Game of Nations*, New York: Simon and Schuster, 1969.

<sup>19</sup> Joint Chiefs of Staff, 'Iraqi Request for Immediate Air Defence Assistance', No. 1887/365, 11 June 1957 (Top Secret), US National Archives, Modern Military Section.

<sup>20</sup> Stephen Green, *Taking Sides: America's secret relations with a militant Israel*, New York: Morrow, 1984, p. 180 *et seq.*

<sup>21</sup> General Nathan Twining, Chairman, Joint Chiefs of Staff, 'Reassignment of Functions of the Joint Middle East Planning Group', 15 July 1959 (Secret), US National Archives, Modern Military Section, Box CJCS 091.

the French effort to repress the nationalist movement in Algeria by supplying Morocco or Tunisia with arms that might find their way to the Algerian National Liberation Front.<sup>22</sup>

A combination of events served to push the secondary objectives to the forefront of US Middle East policy. The Israeli victory in the Suez War of 1956—which the Eisenhower Administration did far less to prevent than is usually thought—and the Iraqi revolution of 1958 convinced civilian and military officials in Washington of the need for a new perspective.

The threat of direct Soviet attack in the Middle East had been replaced by the threat of *Arab nationalism*. In Washington's view, the British method for dealing with that in Egypt and Iraq had failed miserably; the French method in Morocco and Algeria was headed in the same direction. The only reliably pro-Western state in the region, which could neutralise Arab nationalism, was Israel.<sup>23</sup>

A National Security Council paper of late 1958 suggested: 'The most dangerous challenge to Western interests arises not from Arab nationalism *per se* but from the coincidence of many of its objectives with many of those of the USSR and the resultant way in which it can be manipulated to serve Soviet ends'.<sup>24</sup> In practice this was not a distinction US policymakers cared to make. Whether the target was the Istiqlal party led by Mehdi Ben Barka in Morocco,<sup>25</sup> the Tunisian socialists led by Ahmed Ben Salah,<sup>26</sup> the Iraqi revolutionary command council of General Abdel-Karim Qasim,<sup>27</sup> or even the Beirut Sunni Muslims led by Saeb Salaam,<sup>28</sup> the US assessment was the same as it was of Nasser. They were either crypto-communists, communist surrogates, or communist stooges. The US was encouraged in this judgement by *the ruling Arab elites* as much as by the Israelis.

The new American strategy for dealing with this sub-strategic type of threat was fourfold:

1) *Direct US military intervention or US-sponsored military interven-*

<sup>22</sup> US Department of State, Bureau of Intelligence and Research, 'Moderate Leadership on the Defensive in North Africa', Intelligence Report 7792, 28 August 1958 (Confidential), US National Archives, Diplomatic Branch

<sup>23</sup> National Security Council, 'Issues arising out of the Situation in the Near East', August 1958 (Top Secret), p 6, US National Archives, Modern Military Section

<sup>24</sup> National Security Council, 'US Policy Toward the Near East', NSC 5820/1, 4 November 1958 (Secret), p 1.

<sup>25</sup> 'Short-Term Trends in Morocco of Possible US Naval Interest', *op. cit.*, p 1.

<sup>26</sup> Personal interview with Dr Ahmed Ben Salah, Paris, July 1981.

<sup>27</sup> Thomas Powers, *The Man Who Kept the Secrets, Richard Helms and the CIA*, New York: Pocket Books, 1979, pp 161–3.

<sup>28</sup> Robert Murphy, *Diplomat Among Warriors*, Garden City, N.Y.: Doubleday, 1964, p 405.



tion to support pro-Western regimes' or weaken anti-Western ones. This was no longer intervention to protect US bases. The US intervened directly in Beirut in 1958 to save the Maronite regime.<sup>29</sup> At the same time the Turkish Army was poised to intervene in Iraq to restore the Hashemite regime.<sup>30</sup> The Israeli forces were viewed as playing a parallel role in covering Egypt and the heart of the Arabian peninsula.

- 2) *US arms supply and economic assistance* to support pro-Western regimes, as a *quid pro quo* for continued basing rights, and to prevent comparable Soviet access to ports, airfields, oil, and other Arab resources.<sup>31</sup>
- 3) *Regional organisations* to split the Arab League, block Nasserist 'unity' schemes, and control the use of US-supplied arms. The first of these was the British-sponsored Middle East Defence Organisation, which the US opposed; it was followed by the Baghdad Pact<sup>32</sup> and attempts to form a Maghreb group,<sup>33</sup> which the US supported. Within each of these regional subdivisions, Washington encouraged favourites to keep the others in line.
- 4) *Destabilisation and overthrow of adversaries*. The successful coup against Mohammed Mossadeq in Iran in 1953 showed the way. For the rest of the 1950s and 1960s, Nasser was the most important target, but all other nationalist figures were targeted too—Kasim overthrown in 1963; Ben Barka murdered in 1965; Ben Salah toppled in 1969.

The *limited* US protectorate of nuclear bomber bases in a strategy of fighting a global war had evolved into an *unlimited* protectorate of regimes fighting among themselves. The more they did this, the easier it was for the US to regulate the region as a whole.

US official documents of this period are filled with lengthy academic rationales for the protectorate. In practice, it became a goal in itself. The Arab regimes and Israel sought American protection in conditions of tension and threat they themselves fostered, in order to make their case

<sup>29</sup> H H Lumpkin, 'Operation Bluebat', Joint Chiefs of Staff 2293/1, 4 November 1958 (Secret), US National Archives, Modern Military Section, Box CCS 381.

<sup>30</sup> *Executive Sessions of the Senate Foreign Relations Committee*, Historical Series, Volume X, 1958, Washington: US Government Printing Office, 1980, pp 587–8.

<sup>31</sup> National Security Council, 'US Policy Concerning Bases in Morocco', Action Memorandum 102, 6 October 1961 (Secret).

<sup>32</sup> Joint Chiefs of Staff 1887/315, 'US Adherence to the Baghdad Pact', 27 November 1956 (Top Secret), US National Archives, Modern Military Section, Box CCS 381.

<sup>33</sup> W W Rostow, *North Africa in the Mediterranean Littoral*, NSC Paper, 9 August 1963 (Confidential), p 38.

with Washington. Washington responded by licensing an Arab-Israeli arms race, a Persian Gulf arms race, and, to a lesser extent, a Maghrebian arms race. The economic reward to US arms manufacturers in these regional arms races was so great that that too became an end in itself.

Israel's influence in the United States has certainly accelerated the arms race in the Middle East, encouraged Israel's territorial expansion,<sup>34</sup> and secured the technology and investment necessary to develop Israel's own arms industry as its principal foreign-exchange earner.<sup>35</sup> *Israel is a Crusader state, and the United States plays the Pope.* However, the US has served its own interests in setting these arms races in motion, and Israel serves US interests in creating the threats the Arabs have sought US protection from. By seeking US protection and financing US arms supplies, the Arab regimes have protected successive Administrations from whatever contradiction there has been between US interests in the region and the pro-Israel policies sought by Israel's friends in the Congress and the White House.

It is well-established that in the Arab-Israeli wars which Israel initiated—in 1956, 1967, and 1982—there was a surge of US arms supplies before the fighting began, and a surge to replace what the fighting had destroyed.<sup>36</sup> It is also well-known that during presidential election years, the incumbent president outbids his opponents in offering arms supplies to Israel to attract Jewish votes in the election. The frequency of wars and elections is almost enough to account for the steadily rising *volume* of US arms supplies to Israel and the Arab states. The cost of servicing loans on past arms purchases and the rapid obsolescence of the arms themselves also explain why Israeli and Arab demands continue to drive the *value* of US security assistance upwards.<sup>37</sup>

It would be almost impossible for a new US president to resist these pressures even if he wanted to alter the four-objective strategy which

<sup>34</sup> Green, *op. cit.*, Chapters 8, 9.

<sup>35</sup> *US Assistance to the State of Israel*, Report by the Comptroller-General of the United States, prepared by the US General Accounting Office (GAO), 24 June 1983 (Classified, unexpurgated version released by the American Arab Anti-Discrimination Committee, Washington DC.) For extracts see *Journal of Palestine Studies*, XIII, 1 (Number 49), Autumn 1983: pp 129–36.

<sup>36</sup> Israeli journalists have documented the surge of US arms to Israel in advance of each of the Arab-Israeli wars: e.g., Moshe Lichtman, *Monitin* (Hebrew) July 1983. American supporters of Israel have manipulated the evidence in an effort to suppress the truth: e.g., Anthony Cordesman, *Jordanian Arms and the Middle East Balance*, Washington DC: The Middle East Institute, 1983, p 58.

<sup>37</sup> See Gao Report, *op. cit.*

the US has pursued in the Middle East since the 1950s. For a time it looked as if President Carter wanted to make that effort. That was in his first two years, 1977–8.

In that period the Administration proposed to put a ceiling on foreign arms sales.<sup>38</sup> It tried to renew the Geneva conference on Arab-Israeli peace with Soviet collaboration;<sup>39</sup> it then substituted that for the separate Israel-Egyptian peace known as the Camp David accords.<sup>40</sup> It refused to supply the arms Morocco requested to wage war in the Sahara.<sup>41</sup> It provided relatively modest arms supplies to other Arab states. It gave deliberate priority to development assistance and economic aid instead of arms. The only Carter Administration military intervention in the first two years was in Zaire, using French, Belgian, Moroccan and Senegalese troops.<sup>42</sup> In the anti-American Arab camp, the Carter Administration tried to mollify Syria, Algeria and Libya—leaving assassination and destabilisation largely to the French and Israelis to organise.

Table 1 shows the US arms trade with the Arab states and Israel during all four years of the Carter Administration and the first three years of the Reagan Administration. The figures show the value of agreements to obtain and deliver arms that were signed in the years shown. This figure more accurately illustrates the political intentions of the governments involved than either the value of US security assistance approved in each year's budget by Congress, or the value of US arms delivered; the latter figure often lags behind that of contracts because of delayed production times or shortage of cash to finance delivery.

The first and obvious point is that Israel and Saudi Arabia dominate the regional arms flow. In the first two Carter years they were almost alone—in a total arms value of \$5.7 billion for the region, Israel and Saudi Arabia took over 88 per cent. This changed in 1979 and 1980

<sup>38</sup> Herbert Y Schandler *et al.*, 'Implications of President Carter's Conventional Arms Transfer Policy', Washington DC: Congressional Research Service, 22 September 1977.

<sup>39</sup> For contrasting accounts, see Ismail Fahmy, *Negotiating for Peace in the Middle East*, Baltimore, Johns Hopkins University Press, 1983; Jimmy Carter, *Keeping Faith, Memoirs of a President*, New York: Bantam, 1982.

<sup>40</sup> For documents, see 'The Search for Peace in the Middle East, Documents and Statements, 1967–79', report prepared for the Sub-committee on Europe and the Middle East of the Committee on Foreign Affairs, US House of Representatives, Washington DC, 1979.

<sup>41</sup> Tony Hodges, *Western Sahara, The Roots of a Desert War*, Westport, Conn.: Lawrence Hill, 1983, pp 356, 358.

<sup>42</sup> 'Congressional Oversight of War Powers Compliance: Zaire airlift', hearing before Sub-committee on International Security and Scientific Affairs, Committee on International Relations, US House of Representatives, 10 August 1978, Washington DC.

Table 1: US arms trade with the Arab states and Israel (Carter and Reagan Administrations)

Foreign military sales agreements in \$ million									
	Carter			Reagan			Carter		
	1977	1978	1979	1980	1981	1982	1983	Average	Reagan Average
Egypt	0.9	161.8	410.4	2,155.9	320.2	1,928.6	721.5	682.3	990.1
Israel	494.0	1,381.5	828.5	529.9	132.3	655.1	2,487.7	808.5	1,091.7
Jordan	94.2	66.5	73.4	303.4	346.9	140.6	52.2	134.4	179.9
Lebanon	16.6	69.0	23.1	31.0	52.9	9.3	428.7	34.9	163.6
Morocco	31.5	6.9	3.1	274.5	36.0	13.7	67.7	79.0	39.1
Tunisia	42.8	2.2	35.6	21.4	23.9	296.8	9.4	25.5	110.3
Bahrain	-	-	-	6.1	-	5.4	5.0	1.5	3.5
Kuwait	16.6	69.0	10.8	124.8	45.2	114.3	152.3	55.3	103.9
Oman	0.7	-	-	22.9	48.9	24.2	0.5	5.9	73.6
Saudi Arabia	1,312.0	1,874.8	5,724.2	2,983.2	1,289.0	5,446.8	1,938.4	2,973.6	2,891.4
UAE	-	-	2.7	-	10.9	-	663.2	0.7	224.7
Yemen (Sanaa)	1.9	1.3	167.1	1.5	17.8	16.6	8.8	43.0	14.4
Somalia	-	-	-	-	28.6	42.6	8.7	0.0	26.6
Sudan	84.6	-	5.4	-	34.9	90.2	24.6	22.5	49.9

Source: US Defense Security Assistance Agency, Data Management Division, 1984.

when the Administration signed agreements for unprecedented new arms supplies to Egypt, Jordan, Morocco, Kuwait, and Yemen.

The reasons for this change are well-known. One was that President Sadat of Egypt claimed his reward for Camp David. Another reflected the pressure of King Hassan in altering the Administration's attitude towards Morocco and the Saharan war. A third reason was that the Administration decided to try and absorb the growing Arab petrodollar surpluses before British, French and other European arms suppliers could do the same with their competing products. The fall of the Shah of Iran left a hole in American arms order books which only the Arab oil producers were anxious and wealthy enough to want to fill.

The Iranian revolution led the Carter Administration to revert to the traditional tactics of the American protectorate in large part because the Gulf Arab states begged for reassurances of US protection. In January 1979, the US Air Force flew a dozen unarmed F-15 fighter-bombers across the Middle East in a demonstration of US military strength earnestly codenamed 'Prized Eagle'. Because the aircraft were so visible, only three Arab states were willing to allow them to land—Saudi Arabia, Sudan, and Morocco. This tactic was almost identical to one the Joint Chiefs of Staff had considered in 1957–8 at the request of several Arab leaders, including Iraq's Nuri Pasha, just before he was toppled.<sup>43</sup>

Operation 'Prized Eagle' was followed by an outbreak of border fighting between North and South Yemen. Carter Administration officials responded as if they had reached into the archives for the old operations plans and old John Foster Dulles speeches. Soviet and Cuban intervention on Aden's side was reportedly detected, which made the conflict a test of the US protectorate—the erstwhile evidence was subsequently disavowed by the Defence Intelligence Agency officer who had been ordered to manufacture it.<sup>44</sup> Once again F-15s, this time armed, were offered to Saudi Arabia—they were declined—and a new symbol of the American protectorate made its début. On 9 March 1979, two AWACS aircraft landed at Dhahran. Infantry arms, ammunition, and a dozen F-5E warplanes were despatched to Sanaa to help in the erstwhile fight. There was much official talk in Washington of taking

<sup>43</sup> Joint Chiefs of Staff No. 1887/461, 'US Reinforcement Demonstration in the Middle East Area', 13 June 1958 (Top Secret), US National Archives, Modern Military Section, Box CCS 831.

<sup>44</sup> Testimony of Lieutenant Colonel John J. Luskiwicz, US Military Attaché in Yemen, in 'US Interest in, and Policies Toward, the Persian Gulf 1980', hearings before the Sub-committee on Europe and the Middle East, Committee on Foreign Affairs, US House of Representatives, 5 May 1980, Washington DC, pp 100–34.

action 'including military force [for] the protection of the oil flow from the Middle East'.<sup>45</sup>

The Carter Administration had discovered that international *expectations* of an interruption in the Gulf oilflow, even if the interruption was brief or failed to materialise, could radically transform the oil economy. Though this was hardly the strategic threat posed by a Soviet 'takeover' of the oilfields or by a 1973-type oil embargo, it could seriously weaken a president's re-election prospects. US officials began to rediscover the earlier lessons that military intervention is not a particularly effective method of maintaining oil supplies; and that it works in the opposite direction of price stability because military tension promotes price speculation.<sup>46</sup> Nonetheless, reinforcing the protectorate was what the Gulf Arabs asked for—AWACS, other US arms, US bases, rapid intervention plans, and the Gulf Cooperation Council were Washington's response. After the US Embassy in Tehran was taken hostage and the Soviet Union invaded Afghanistan at the end of 1979, the Carter Administration turned the clock back a full twenty years.

Consider these differences between Carter's and Reagan's arms policies:

- Beginning almost immediately in 1981, the Reagan Administration substantially increased US arms supplies to the Arab states.
- As Table 1 indicates, the average value of US arms offered in the three years of the Reagan Administration is greater for all but three states than the average in the Carter period. Yemen, Morocco and Saudi Arabia are the three with higher averages in the Carter Administration.
- In Morocco, the Carter Administration at first refused to provide M-60 tanks requested by the King. In secret, however, Hassan was told that Washington would allow the Shah of Iran to provide Morocco with artillery from his inventory, and the British government to supply him with tanks.<sup>47</sup> The Reagan Administration granted approval for open and direct sale of the tanks, signed a base agreement reviving the 1950s bases, and conducted the first US troop exercises in Morocco in thirty years.
- Following the rebellion in Gafsa in 1980, the Tunisian government

<sup>45</sup> Statement of Secretary of Defense, Harold Brown; compare the views of the Under-secretary of State for Political Affairs at the time: David D Newsom, 'America Engulfed', *Foreign Policy* (43) Summer 1981, pp 17–32.

<sup>46</sup> Congressional Research Service, *Western Vulnerability to a Disruption of Persian Gulf Oil Supplies: US interests and options*, Washington DC: 24 March 1983, HD-9560.

<sup>47</sup> Hodges, *op. cit.*, p 358; US Embassy Teheran, Country Team Minutes (Confidential), 5 April 1978 (released by Iranian Authorities in 1980).

asked the US for more arms. The Carter Administration accelerated the delivery of armoured personnel carriers and light weapons but was reluctant to provide F-5E aircraft and M-60 tanks. The Reagan Administration had no hesitation in offering as much in arms as the country had obtained in total since independence.

—In Libya the Carter Administration agreed to limit US naval exercises to the 30 degree–30 minute line across the mouth of the Gulf of Sirte. Secretly, the Administration collaborated in Egypt's attack across the Libyan border in July 1977 and in French intelligence efforts to plot a military *coup d'état* and assassination of Qaddafi. The Reagan Administration openly crossed the Gulf of Sirte line and shot down two Libyan aircraft in the process. It imposed an economic embargo on Libya, ordered US citizens and businesses to leave, and backed several efforts at assassination against the Libyan leadership.

—In Lebanon the Carter Administration acquiesced in Israeli military operations against the PLO so long as these were limited in territory, targets, and duration. The Reagan Administration acquiesced in the much more ambitious invasion of June 1982.

These are only a few illustrations. They suggest differences of tactics rather than of strategy, differences of degree rather than of substance. But it is precisely the *degree* of Reagan interventionism that has revealed the underlying weaknesses of each element of the protectorate strategy. For direct or sponsored intervention, the supply of US arms and training of local military cadres, the establishment of regional blocs, and confrontation with Arab adversaries have rarely proved successful when tested by determined Arab opposition—with or without Soviet support.

The key to the effectiveness of the American protectorate is that it should be *perceived* in the region as effective without ever being obliged to prove itself. It is a *bluff*. The irony of the present situation is that this is better understood by the professional military planners at the Pentagon than by the former military men who have taken over the State Department and the White House, and who have promoted interventionism in the Arab world more keenly than anyone else.

Because the performance of the Reagan protectorate has been more *overt*, the arms flow *larger*, and the development of US intervention bases in the region more *visible*, US failures in the region may appear to be Reagan's failures, rather than the failures of the American protectorate as such. Those Arab leaders who depend on US protection like to

blame the President's ignorance, the infiltration of Israeli influence among his advisers, and the rabid anti-semitism with which these advisers view the Arab world.

These things are all true, but they are not the cause of the Administration's failure. In each of the regional blocs US strategy supports, the Reagan failure is one of demonstrating that when the American bluff is called, Washington cannot guarantee that its clients will survive.

In the Maghreb, the US has failed to topple Qaddafi or undermine the Libyan economy. If anything, confrontation has driven the Libyan leadership much closer to the Soviet bloc than they have been, or wished to be, in the past.

On the other hand, the prospects for the survival of the pro-American regimes in Morocco and Tunisia have diminished, rather than grown. The enormous increase in arms supplies, the creation of joint military commissions, the enhancement of military training programmes, and the development of US bases have substantially added to US intelligence in Morocco and Tunisia—this is an important by-product of US arms programmes. But neither the military hardware nor the improved intelligence has been able to reverse the economic facts of life. US arms are more than the tottering treasuries of Morocco and Tunisia can afford. Their cost has added to the budget deficits and general indebtedness of the two economies, and they have led to popular demonstrations and strikes. Moroccans and Tunisians now understand that the price they pay for bread depends on the price Washington charges for tanks, armoured personnel carriers, and helicopter gunships. King Hassan and President Bourguiba are accordingly more vulnerable, not more secure.

In the centre of the Arab world, the Administration's strategic alliance with Israel has been extremely advantageous to the Israeli arms industry. But this is now becoming sophisticated enough to challenge US arms manufacturers in their own market and in traditional US markets abroad.<sup>48</sup> Protection of Israel has failed to save the Israelis from their own folly in Lebanon, nor accomplished the single task the Lebanese operation was intended by both Jerusalem and Washington to achieve—the destruction of the PLO. Instead of eliminating the 'military option' against Israel, the invasion of Lebanon has made the Israel Defence Forces vulnerable to a war of attrition that is far more

<sup>48</sup> Eric Hoogland, *Israel's Arms Exports: proxy merchants for the US*, background paper No. 8, Washington DC: American Arab Anti-discrimination Committee, 1982.



destructive than PLO operations from southern Lebanon ever were. This adds to the drain on Israel's productive resources, which is transferred to become a further drain on the US foreign assistance budget. As official US documents have recently shown, there is growing reluctance among middle-echelon American officials in the military and civilian bureaucracies, as well as in the intelligence agencies, to expand the current levels of cash subsidies and technological transfers to Israel's military economy.<sup>49</sup> The protectorate is being stretched beyond the visible US interests it is designed to serve.

In the central Arab bloc, Egypt and Jordan compete against each other, as we have seen, for US support. But that was tested and failed on 6 October 1981, when President Sadat was assassinated. Consider how much larger the failure would have been for the US if the Egyptian Army lieutenant, Khaled al-Islambouli, Sadat's assassin, had not screamed at Mubarak and Abu-Gazala, the Vice-President and Minister of Defence: 'Get out of my way! I only want this son of a dog!'<sup>50</sup>

Sadat is dead. Bashir Gemayel is dead. Amin, his brother, is a corpse, politically speaking. King Hussein is the only survivor of the bloc in more or less the same condition as he was in 1981.

The newest member of this bloc is Iraq, whose entreaties for US intervention on the Arab side in the Gulf war have produced an atmosphere which State Department officials with a memory liken to the days before Nuri Pasha was overthrown. US support will be about as effective for Saddam Hussein as it was for Nuri; the only surprise in that is that Hussein and the leadership of the Iraqi Baath should entertain the illusion that it might be otherwise. The Persian Gulf has remained open to the oil traffic, not because the US military presence deters Iranian action to close the Gulf, but because Iranian interests are served by keeping it open. The Joint Chiefs of Staff have dusted off their thirty-year-old assessments of the defensibility of the area; they know that if US military intervention is called for, the result may be the most visible demonstration of superpower helplessness the Gulf has hitherto seen.

The performance of the Gulf Cooperation Council is perhaps the most tangible success the Reagan Administration might claim. Saudi oil output not only cushioned the impact on oil prices of the fall in Iranian production after the revolution; it prevented any upward speculation in

<sup>49</sup> GAO Report, *op. cit.*

<sup>50</sup> Mohammed Heikal, *Autumn of Fury: the assassination of Sadat*, New York: Random House, 1983, p. 265.

oil prices during the Lebanon war of 1982 and is largely responsible for producing the international oil glut that has limited OPEC's bargaining power and eliminated the Arab-owned petrodollar surplus. Saudi Arabia continues to safeguard international oil prices by accumulating a large seaborne oil reserve, to be used in the event of an interruption in oil output in the Gulf.

But even within the GCC the Reagan Administration has lost ground. There have been coup attempts in Bahrain and Qatar and assassination and terrorism against the UAE and Kuwait. After two years of bureaucratic squabbling and Israeli pressure, the Administration announced that it would not allow the sale of advanced warplanes like the F-15, F-16 and F-18 to Kuwait, Qatar, Bahrain, and the UAE. Oman was the exception because it has provided formal base facilities for US operations.

This has provided the French, British, Italians and Germans with a fresh opening on an enormous potential arms market. It has also blocked the ambitious plans of US military contractors to build an integrated air-defence, missile and interceptor system covering the entire GCC, and linked to US rapid deployment bases from Turkey to Diego Garcia. The recent announcement of the *Shahine* sale to Saudi Arabia marks an important turning point in the US arms flow to the Gulf bloc. The French were able to take advantage of the fact that when put to the test by the Saudis, the Americans were hard-pressed to deliver the AWACS in 1981, and unwilling after that to provide the improved *Chaparral* and *Patriot* missile systems which are the US equivalents of the *Shahine*. The *Shahine* low-altitude surface-to-air missile is also the first Western-produced weapon system in which an Arab state has provided a large share of the development funds and retains rights to control transfers to third countries. US arms producers like Northrop have sought Arab investments but only for projects, such as the F-20 *Tigershark*, that do not match Israeli or American capabilities.

*Do the failures of Reagan Administration performance signal the beginning of the end of the American protectorate?* Nasser used to doubt that the US would ever attack an Arab state. In 1954 he said: 'In its defence blueprint Egypt wants to strengthen the Arab world to defend itself either from a local attack by Israel . . . or from a Soviet thrust. It recognises that the US will never invade the Arab world . . .'<sup>51</sup> Nasser

<sup>51</sup> Public speech by Nasser, reported by US Embassy in Cairo to Washington, 674.00/93554, 3 September 1954, US National Archives, Diplomatic Branch.

also used to say: 'The genius of you Americans is that you never make clear-cut stupid moves, only *complicated* stupid moves which make us wonder at the possibility that there may be something to them we are missing'.<sup>52</sup> The Lebanon intervention has proved to be the attack Nasser didn't anticipate and the clear-cut stupidity he didn't expect.

An effective protection racket requires serious threats and credible protection from them. The American performance in protecting its Arab friends from internal overthrow or assassination is very poor. But the protection has remained credible so long as there appeared to be no alternative to Washington and so long as Washington was perceived to be able to control Israel's threats.

Sadat's well known view that the US held 99 per cent of the cards in the Middle East was this kind of perception. The conflict in Lebanon since 1982 has exposed how hollow it is. France is beginning to offer an alternative to American protection that may look more credible. That at least is what the Mitterrand Administration thinks it has demonstrated in Chad and Beirut. If Washington cannot or will not control Israel, then the terms on which French arms are made available to the Arab states may become more attractive than those Washington has to offer. There is clearly growing scope for an expansion of the French protectorate—and the kind of British role that is played, for example, in Oman.

In the past, each of the Great Power protectorates in the Middle East—the Ottoman, British and French—collapsed, not so much because the local nationalists won their wars but because they raised the cost of the protectorate to a level for which there was no public support or political will to pay at home. If the cost of operating the American protectorate becomes greater than US public opinion thinks it is worth, a president is courting electoral disaster if he persists.

US Congressmen can be persuaded to protect anyone who will pay their election bills. Israel pays; the Arabs do not. They delude themselves into thinking that their protection is in the US interest and that so long as they do what the Administration of the day tells them, they will be safe. They have learned nothing from recent history.

<sup>52</sup> Copeland, *op. cit.*

## An Island Apart: a review of the Cyprus problem

The Cyprus problem has been a source of international tension in the eastern Mediterranean for more than thirty years. Like the Lebanese, the people of Cyprus have been unable to resolve intercommunal conflicts which have invited intervention by powerful neighbouring states. Since 1955 there have been repeated clashes between the island's Greek and Turkish communities culminating, after the Turkish invasion of 1974, in an uneasy partition supervised by United Nations troops.

This review of the Cyprus problem is prompted by two recent developments. On 15 November 1983, the Turkish-Cypriot leader, Rauf Denktas, unilaterally declared independence on behalf of his community. In January 1984, the Greek-Cypriot president, Spyros Kyprianou, responded with the latest in a long series of constitutional proposals. The article provides an interpretation of the events which have led to the present crisis, and of the international and intercommunal issues involved.

Cyprus is poised, politically and strategically, between the Middle East and Europe. For centuries its geographical position has made it an ideal base for the dominant power in the region, most recently the Ottoman Empire (1571–1878) and the United Kingdom (1878–1960). Britain still retains two military bases (Akrotiri and Dhekelia) with intelligence-gathering functions of importance to NATO. Since 1955, Cyprus has also been an object of competition between two NATO powers, Greece and Turkey, which have close cultural links with the island.

The population of Cyprus is composed almost entirely of Greek and Turkish communities.<sup>1</sup> The Greeks—77 per cent at the last reliable census in 1960—have remained the dominant cultural influence since their arrival in ancient times. The Turks—18 per cent in 1960—are descended from Anatolian immigrants who settled in Cyprus after the Ottoman conquest in 1571. From then until 1974, the two races were interspersed throughout the island, some living in mixed villages, others

<sup>1</sup> There are small minorities of Armenians, Maronites and 'Latins' (Roman Catholics). The total population in 1960 was 557,615.

in exclusively Greek or Turkish communities. They coexisted peacefully but remained socially distinct, participating in each others' ceremonies and cooperating in a variety of economic arrangements, but rarely inter-marrying or taking joint political initiatives. Peaceful coexistence continued through most of the British period, despite frequent disputes between Greece and Turkey and the increasing stridency of Greek-Cypriot demands for union with Greece (*enosis*). In some areas it lasted until partition in 1974.<sup>2</sup>

The modern history of Cyprus is the story of two competing nationalisms, both irredentist in character, confronted with the overriding strategic interests of external powers. It has three main phases. The first, from 1878 to 1960, saw the struggle for succession to British colonial authority end with an uneasy compromise between Cypriot and international priorities. The second, from 1960 to 1974, saw the breakdown of this compromise, and a series of attempts to reach a new accommodation between Greek and Turkish interests, culminating in invasion by Turkish troops. Since then, new attempts to resolve the differences between the communities have had to take into account their physical separation and the dominant strategic role which Turkey now plays. These three phases are summarised briefly in the next part of this article, which then goes on to analyse the constitutional and political issues which make up the Cyprus problem today.

## The Historical Development of the Cyprus Problem

### Nationalism to Independence, 1878–1960

Britain took control of Cyprus in 1878 as part of Disraeli's strategy to protect the Ottoman Empire, Suez and, ultimately, Britain's Indian possessions from Russian expansion.<sup>3</sup> It was a useful strategic asset, though its importance declined when Britain assumed control over Egypt in 1882. In 1915, a year after formal annexation, Asquith's government was even prepared to cede the island to Greece.<sup>4</sup>

From the first, union with Greece (*enosis*) was the fundamental objective of the Greek-Cypriot political leadership—principally the

<sup>2</sup> See M Attalides, 'The Turkish Cypriots: their relations to the Greek Cypriots in perspective', in Attalides (ed), *Cyprus Reviewed*, Nicosia: Zavallis Press, 1977, pp 71–97.

<sup>3</sup> This is described in D E Lee, *Great Britain and the Cyprus Convention Policy of 1878*, Cambridge, Massachusetts: Harvard University Press, 1934.

<sup>4</sup> See C Theodoulou, 'The 1915 British offer of Cyprus to Greece in the light of the war in the Balkans', *Epistis tou Kentrou Epistimonikon Erevnon* (Journal of the Centre of Scientific Research) 4 (1970/1) pp 417–30.

Church, whose archbishop had been recognised by the Ottomans as *ethnarch* or political head of his community. Nationalist ideology was hammered home in sermons, schools and demonstrations throughout the British period, and in 1931 serious rioting by crowds demanding *enosis* forced the colonial government to suspend political representation in the Legislative Council and deport the clerical leadership. The *enosis* challenge to British authority intensified after 1945 with the development of competition between the Church and the communist party (AKEL)<sup>5</sup> for the political leadership of the Greek community. Under the direction of Michael Mouskos—elected bishop of Kition in 1948 and archbishop (as Makarios III) in 1950—the Church attacked AKEL's willingness to consider self-government and built a powerful nationalist coalition on the right. In early 1950 it demonstrated mass popular support for *enosis* in a 'plebiscite' conducted in churches throughout the island.<sup>6</sup>

In the early 1950s, Makarios sought to broaden support for self-determination by appealing to public opinion in Greece and elsewhere. He was faced with growing British obduracy following the rise of Nasser in Egypt, which threatened British control over the Suez Canal. In July 1954, the Minister of State for Colonial Affairs, Henry Hopkinson, told the House of Commons that Cyprus might be among those colonies 'which, owing to their particular circumstances, can never expect to be fully independent'.<sup>7</sup> British sovereignty, he said, would continue because of Britain's strategic commitments in Europe and the Middle East. Within weeks Greece, one of Britain's European allies, took the issue of Cypriot self-determination to the UN General Assembly for the first time. It was to be debated there every year until 1958.<sup>8</sup>

Alongside Greece's diplomatic efforts, 1955 saw the start of an armed struggle for *enosis* waged by EOKA (*Ethniki Organosis Kypriou Agoniston*, the National Organisation of Cypriot Fighters). Blessed by Makarios and led by a retired Greek officer, George Grivas, EOKA attacked numerous British targets as well as communists and members of both communities who advocated intercommunal cooperation. Its relentless drive for *enosis* stimulated the creation in 1957 of a parallel guerrilla organisation among the Turkish-Cypriots: TMT (*Türk*

<sup>5</sup> *Anorthotikon Komma Ergazomenou Laou*, Progressive Party of Working People.

<sup>6</sup> The 'plebiscite' registered 96 per cent support for *enosis* among Greek-Cypriots, but this figure is open to question: they 'voted' by signing books placed on public display in the churches.

<sup>7</sup> Parliamentary Debates (Hansard) House of Commons, Official Report, 28 July 1954, col. 508.

<sup>8</sup> The UN debates are described in great detail in S G Xydis, *Cyprus: conflict and conciliation, 1954-1958*, Columbus: Ohio State University Press, 1967.

*Mukavamet Teskilati*, the Turkish Resistance Organisation), equally anti-communist, equally chauvinistic. Altogether, some 500 people died in violent incidents during the four years following the start of EOKA's campaign on 1 April 1955; almost half of these were Greek-Cypriots, many of them killed by EOKA itself.<sup>9</sup>

The emergence of TMT marked the culmination of years of growing anxiety among Turkish-Cypriots about the possibility of *enosis*. Many Greek-Cypriots argue that intercommunal hostility was deliberately fostered by the British in the late 1950s as a means of maintaining colonial rule, and that the British government introduced Turkey into tripartite negotiations in 1955 for the same reason. This view is naïve. Turkish-Cypriots had always expressed opposition to the *enosis* aspirations of their Greek compatriots. It was not until the mid-1950s that they began to doubt Britain's will and capacity to maintain colonial rule, and to look for alternative protection against the threat of Greek domination. Their search stimulated an irredentist Turkish nationalism, similar to that found in the Greek community, marked by the creation of the 'Cyprus is Turkish' Party in 1955 and by growing demands for partition of the island between the 'motherlands' (known as *taksim*) as EOKA's campaign for *enosis* continued. Britain's invitation to Turkey to discuss the future of Cyprus with the Greek and British governments in 1955 recognised this development and the certainty of Turkish opposition if Cyprus were to be annexed by Greece.

By 1958, after five years of acrimonious debate in the UN General Assembly, the Cyprus problem was as much a dispute between Greece and Turkey as a matter of internal security, and its resolution in 1959 was a Graeco-Turkish, not a Cypriot affair. The two countries' foreign ministers, Averoff and Zorlu, started to talk at the UN in December 1958, devised an agreed constitutional framework at Zurich in February 1959 and presented it for ratification by the British government and the Cypriot community leaders in London later the same month. The British, convinced that their strategic requirements could be satisfied without retaining sovereignty and anxious to reduce the cost of the struggle with EOKA, were happy to agree. Makarios—deported by the British in 1956 and exiled since then—hesitated for a while, but he and his Turkish colleague Fazıl Kuşuk had little choice but to do so too. Cyprus became an independent republic on the 16 August 1960.

The constitution which Cyprus acquired in 1960 was an elaborate and

<sup>9</sup> A statistical breakdown is given by N Crawshaw, *The Cyprus Revolt*, London: Alden and Unwin, 1978, pp 406–8. Makarios was less than enthusiastic about some of Grivas' violent activities.

inflexible code, designed to accommodate intercommunal differences by sharing power between the communities and institutionalising ethnic differentiation within the political system.<sup>10</sup> Under it, the president (Makarios) was elected by the Greek-Cypriots, the vice-president (Kuşuk) by the Turks—but both had a veto over major political decisions. The president appointed seven cabinet ministers, the vice-president another three. Each community held elections for its representatives in a single parliamentary assembly, where major legislative changes required the support of majorities from both communities. Separately-elected communal chambers dealt with subjects like education and separate municipal councils were authorised (though never established) for the Greek and Turkish quarters of the major towns. Even recruitment to the public service was governed by ethnic quotas: 70:30 in the civil administration and the police, 60:40 in the armed forces.

These power-sharing arrangements were reinforced by constitutional guarantees excluding *enosis* and *taksim*—the preferred solutions of both communities. The Treaty of Guarantee authorised Britain, Greece and Turkey (the 'guarantor powers') to take joint action to restore constitutional order or—if they could not agree—to intervene individually with the 'sole aim' of re-establishing the state of affairs created by the settlement. Two further treaties established foreign military installations in Cyprus. The Treaty of Establishment transferred 99 square miles to British sovereignty and gave the United Kingdom rights over a number of other sites throughout the island. The Treaty of Alliance set up a tripartite (Greek/Turkish/Cypriot) military headquarters, staffed *inter alia* by quotas of 950 Greek and 650 Turkish troops.

### **Independence to invasion, 1960–74**

Far from reconciling the island's two communities, this rigid constitutional structure proved a fertile source of conflict between them. By the end of 1963, it had led to the effective breakdown of constitutional order.

The constitution gave the Turkish-Cypriot community exceptional minority rights and the institutional means to defend them against encroachment by the Greek-Cypriot leadership. Already frustrated by their failure to achieve *enosis*, many Greek-Cypriots felt that the constitution denied them equality of opportunity, and conflicts soon

<sup>10</sup> It is printed, with its accompanying treaties, in *Cyprus*, UK Parliamentary Papers, *Cmnd.* 1093 (July 1960), H.M.S.O., London.



arose over appointments to the civil service, as well as political issues like the vice-presidential veto and the establishment of separate municipalities. The constitutional machinery began to break apart under the pressure of competing Greek and Turkish interests. Makarios was forced to raise taxation through the Greek communal chamber because Turkish-Cypriot legislators refused to approve fiscal legislation. By November 1963 he concluded that the constitution was unworkable and proposed thirteen amendments intended, he said, to remove 'obstacles to the smooth functioning and development of the state'.<sup>11</sup> These obstacles included the Turkish-Cypriot legislative veto, ethnic quotas in the public service and separate municipal councils. Together, his proposals would have substituted majoritarian democracy for the power-sharing arrangements agreed between Averoff and Zorlu.

This constitutional crisis precipitated the outbreak of intercommunal violence. Makarios' proposals were rejected by the Turkish government and the Turkish-Cypriot leadership, which withdrew from participation in the government. Shortly before Christmas 1963, fighting broke out in Nicosia and other parts of the island. British troops intervened, establishing the 'green line' which still divides the capital, and then gave way to a United Nations Peace-Keeping force (UNFICYP) which has remained ever since. Following renewed fighting in August 1964, the Turkish airforce bombed Greek-Cypriot positions and a full-scale invasion was prevented only by intense diplomatic pressure. Meanwhile, several ideas were floated for a new Cyprus settlement. Talks in London in January 1964, involving all three guarantor powers, proved fruitless, as did a plan devised by the former American Secretary of State Dean Acheson which provided for the partition of the island between Greece and Turkey.<sup>12</sup> Galo Plaza, one of many United Nations intermediaries, produced his ideas for revising the 1960 constitution in March 1965, but his rejection of federalism proved unacceptable to the Turkish side.<sup>13</sup>

By the time it subsided, late in 1964, intercommunal fighting had left the island divided into areas of Greek- and Turkish-Cypriot control. Many Turkish-Cypriots had withdrawn into semi-fortified enclaves run by the community's political leaders while Turkish army officers

<sup>11</sup> Quoted in K Kyle, *Cyprus*, London: Minority Rights Group, 1984, p 9.

<sup>12</sup> American diplomacy at this time is energetically described in E Weintal and C Bartlett, *Facing the Brink*, New York: Charles Scribner, 1967, pp 16-36.

<sup>13</sup> *Report of the United Nations Mediator on Cyprus to the Secretary-General* (Doc. S/6253, 26 March 1965).

organised their defence against Greek-Cypriot paramilitaries. Residents of the enclaves suffered from harassment by Greek-Cypriot officials and from an economic blockade imposed to prevent military supplies reaching the Turkish-Cypriot forces. Between 1964 and 1967 the Greek and Turkish governments infiltrated men and arms into Cyprus in preparation for the next round of the conflict. This came in November 1967 when General Grivas, now commanding the National Guard set up by Makarios in 1964, attacked a Turkish enclave at Kophinou. It was a tactical blunder, again precipitating the threat of Turkish invasion which was prevented only by the withdrawal of Grivas and most of the Greek forces on the island.

This second military crisis demonstrated once and for all the impracticality of Greek-Cypriot enosis aspirations: union with Greece would inevitably mean war with Turkey. Makarios publicly acknowledged this in January 1967, saying that a solution for Cyprus' problems must be sought 'within the limits of what is feasible, which does not always coincide with the limits of what is desirable.' Though he continued to refer publicly to the 'national dream' of *enosis*, his acceptance of independence struck a chord with many Greek-Cypriots disillusioned by the military dictatorship which had seized power in Athens and anxious to protect their jobs against possible competition from the mainland. The archbishop won the 1968 presidential election by a landslide.<sup>14</sup> His change of heart also facilitated the intercommunal talks set up by United Nations officials in 1968, which lasted on and off until 1974. The talks, conducted by Glafkos Clerides for the Greek side and Rauf Denktas for the Turks, focused on the search for a system of local government which would give Turkish-Cypriots a degree of autonomy without endangering the unity of the state.<sup>15</sup>

While these frequently constructive, but ultimately fruitless, talks continued, Makarios was faced with a new problem—the systematic destabilisation of his regime by the military dictatorship in Athens. Opposed to his independent efforts to resolve Cyprus' intercommunal difficulties, the Greek 'colonels' incited the Cypriot bishops to challenge his episcopal authority, returned Grivas to lead the terrorist EOKA(B) group and appointed enosis sympathisers to command the Greek contingent in Cyprus under the Treaty of Alliance. After Grivas'

<sup>14</sup> On 'the paradox of *enosis* after independence', see M Attalides, *Cyprus: nationalism and international politics*, Edinburgh: Q Press, 1979, pp 104–37, and Z Stravrinides, *The Cyprus Conflict* (privately published), 1976, pp 63–72.

<sup>15</sup> They are described in detail in P Polyviou, *Cyprus: conflict and negotiation, 1960–1980*, London: Duckworth, 1980, pp 62–153.

death in January 1974, they had effective control of both EOKA(B) and the National Guard.

Makarios was well aware of the threat this posed. On 2 July 1974 he demanded the withdrawal of Greek officers commanding the National Guard. In 15 July they stormed the presidential palace, forcing him to flee, and installed a former EOKA gunman, Nikos Sampson, as the junta's puppet president. It was a unique opportunity for Turkey's new prime minister, Bulent Ecevit, to establish a Turkish presence on the island. He appealed for British help and, when it was refused, sent Turkish troops into Cyprus on 20 July. After a ceasefire, talks were convened in Geneva between the guarantor powers and representatives of the Cypriot communities, at which the Turkish side demanded the creation of a bizonal federation with complete physical separation of the two communities. These talks broke down on 14 August, when Turkey refused to allow Clerides—acting president after Sampson's speedy resignation—time to consult Makarios about these proposals. Within hours, the Turkish army began to occupy the whole northern part of the island.<sup>16</sup>

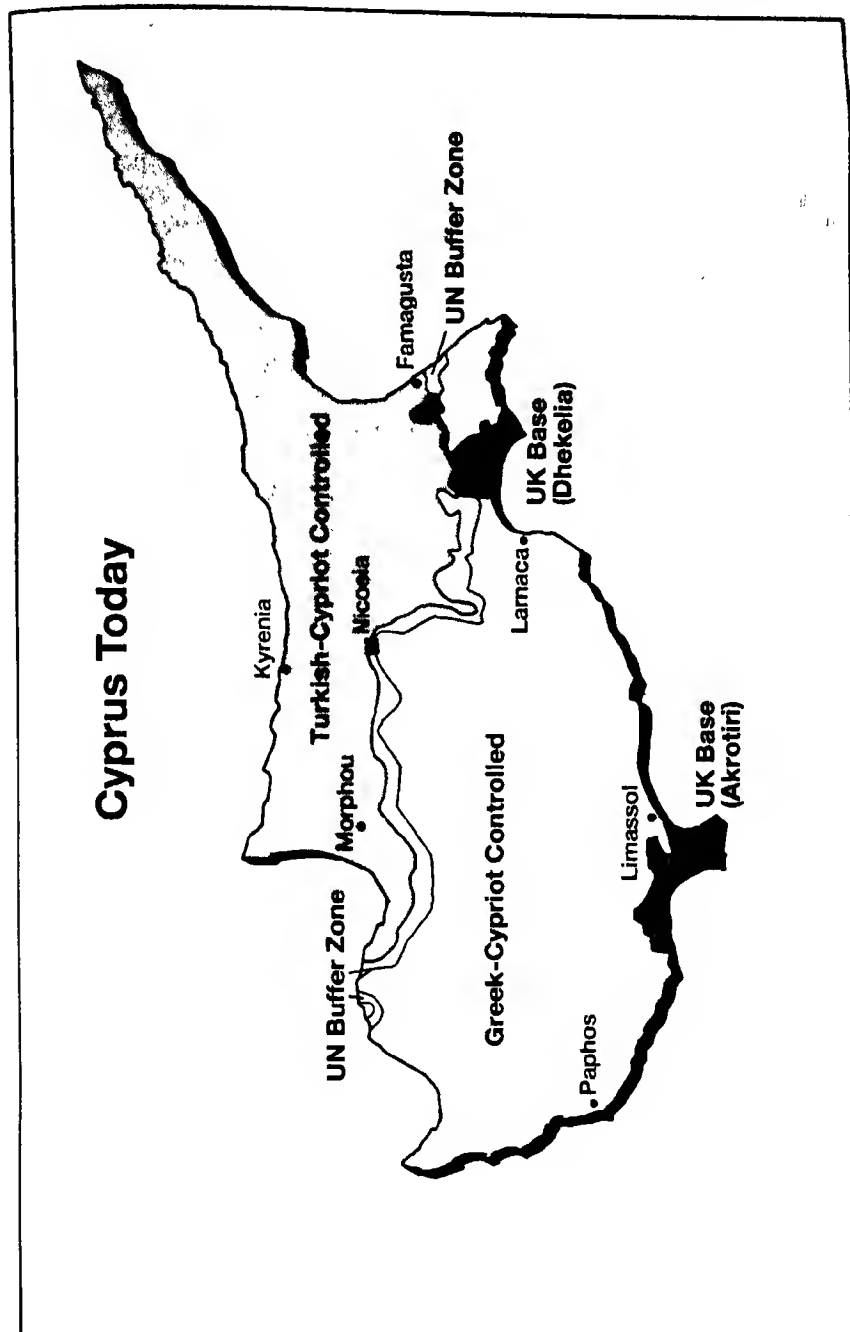
#### Partition, 1974–84

The invasion<sup>17</sup> shattered the demographic structure of Cyprus and caused massive social dislocation. Within a week, Turkish forces occupied 37 per cent of the island, including the towns of Famagusta, Kyrenia and Morphou, most of the tourist accommodation, and much of the best agricultural land. Some 3,500 people died during the coup and invasion, and almost 2,000 more are still missing. 180,000 Greek-Cypriots fled the north, leaving their homes and property; 65,000 Turkish-Cypriots subsequently moved north to take their place. A buffer zone, supervised by UN troops, extends across the island, separating ethnically distinct areas. It is virtually impossible for Greek- and Turkish-Cypriots to meet on the island, except in the British base at Dhekelia where members of both communities are employed.

Turkey's action also transformed the balance of advantage in Cyprus. The continued presence of about 20,000 Turkish troops is a constant reminder to Greek-Cypriot leaders of their strategic isolation. Dominant in the intercommunal talks before 1974, they have been forced to make a series of concessions since then in the hope of provoking counter-concessions from the Turkish side, the most important of these

<sup>16</sup> *ibid.*, pp 159–202.

<sup>17</sup> 'Peace operation' is the official Turkish term.



being their acceptance of the principle of federation. This process has focused on two 'high-level' meetings between the leaders of the communities—Makarios and Denktas in February 1977, Kyprianou and Denktas in May 1979. The former produced guidelines for negotiations, including the recognition by Makarios that questions of 'economic viability' and Turkish-Cypriot security fears ('certain practical difficulties') must be taken into account when resolving issues like territory and freedom of movement. There were hopes of a settlement during detailed negotiations at Vienna later in 1977, when for the first time Makarios offered a bizonal territorial arrangement, but the talks soon reached deadlock over the extent of central government powers, the apportionment of territory and the restoration of the freedoms of movement, residence and property-ownership.<sup>18</sup>

Since 1977 there has been a series of initiatives to resolve the Cyprus problem—proposals by Britain, Canada and the United States in 1978; the second high-level meeting in May 1979; fresh Turkish proposals and an 'evaluation' of 'points of coincidence . . . and equidistance' by the UN Secretary-General Kurt Waldheim in 1981; and, most recently, a set of 'indicators' prepared by Waldheim's successor Javier Pérez de Cuéllar, which offered both sides options for narrowing the differences between them on constitutional and territorial issues.<sup>19</sup> Most of these have taken place within a framework of intercommunal talks held in Nicosia under the chairmanship of a United Nations representative. None has produced significant progress towards a settlement.

Frustrated by their strategic weakness and dissatisfied with the intercommunal talks, Makarios and Kyprianou—who succeeded Makarios on his death in August 1977—have turned repeatedly for support to the UN General Assembly. In 1974, with Turkish support, the Assembly called unanimously for 'the speedy withdrawal of all armed forces', 'the cessation of all foreign interference in (Cyprus)' affairs' and the return of refugees to their homes throughout the island. Overwhelming majorities for similar resolutions, opposed by Turkey, were carried by the General Assembly every year until 1980 and again in May 1983. The last of these, however, proved a pyrrhic victory for the Greek-Cypriot leadership. Denktas responded, not merely by breaking off the inter-communal talks, but by declaring the independence of the Turkish Republic of North Cyprus. He timed the latter well—to coincide with the restoration of civilian government in Turkey and the

<sup>18</sup> Polyviou, *op. cit.*, pp 205–14.

<sup>19</sup> Pérez de Cuéllar was Waldheim's special representative in Cyprus in the late 1970s.

approval of a major American arms agreement with the new regime there.

### Problems and Prospects

'The Cyprus problem' has always really been two problems—one intercommunal, the other concerned with Cyprus' relationship with its neighbouring states. Intercommunal negotiations in recent years have been unproductive partly because the two sides disagree about which of these is the *real* problem: the breakdown of intercommunal relations or the invasion and occupation by the Turkish army. This section provides a brief analysis of both issues, and suggests some of the reasons why the Cyprus dispute has proved so difficult to resolve.

#### Intercommunal relations

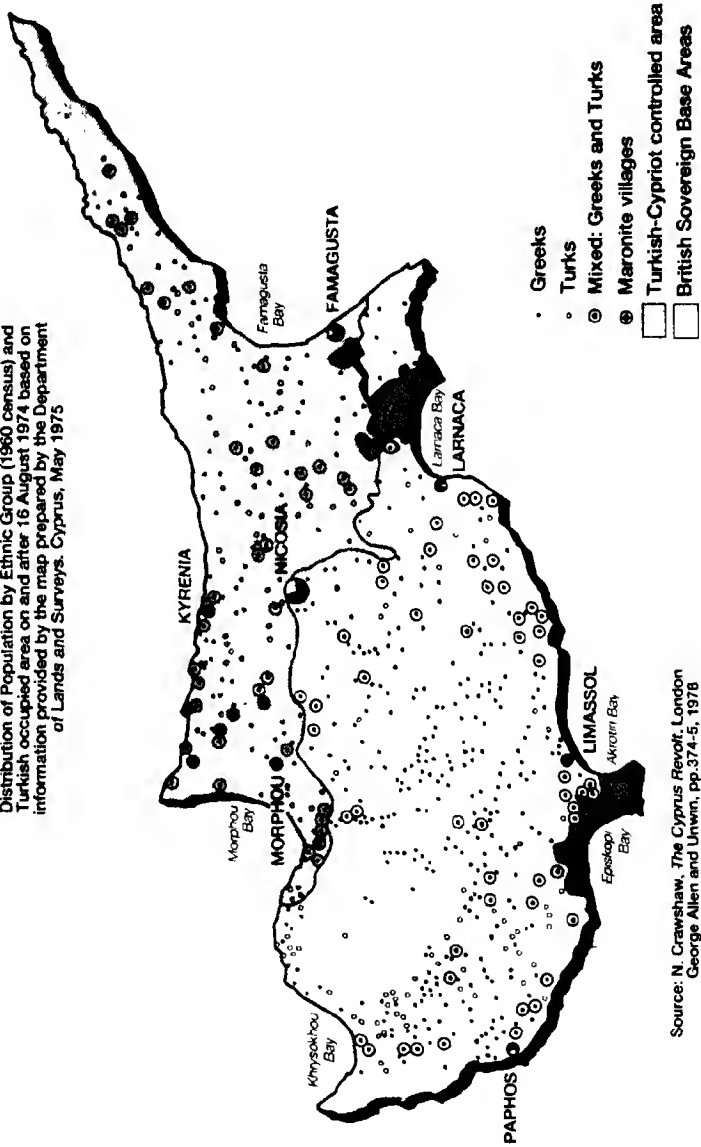
Intercommunal relations in Cyprus today are the product of competition between two irredentist nationalist ideologies which have polarised the communities into distinct interest groups on every issue of political importance.<sup>20</sup> During the colonial period, teachers and politicians in the Greek community emphasised the historic conflict between the Greek and Turkish nations in an attempt to build ethnic solidarity in the cause of *enosis*. Turkish-Cypriot leaders responded by calling for the restitution of Turkish rule. By the mid-1950s, the contradiction between Greek and Turkish political aspirations was irreconcilable. It was easy for small groups of armed extremists on both sides to treat all members of the opposing community as enemies of their national cause. Violent attacks by EOKA on Turkish-Cypriots (and Greeks who fraternised with them), together with reprisals by TMT, established an atmosphere of mistrust that was new to Cyprus and destroyed intercommunal links which had been carefully nurtured, for example, in the trade union movement.

After 1960, the power-sharing constitution turned every political issue into a contest between the majority rights of the Greek community and the institutional privileges of the Turks. Greek-Cypriot frustration over the denial of *enosis* and resentment over ethnic quotas for civil service recruitment combined with Turkish suspicion of Makarios' commitment to independence. When violence broke out in 1963, it was easy for armed paramilitaries to consolidate the mistrust of the 1950s.

<sup>20</sup> It is worth noting that religious differences between the communities have been almost entirely incidental to ethnic divisions in the development of intercommunal conflict.

# Cyprus (1974)

Distribution of Population by Ethnic Group (1960 census) and Turkish occupied area on and after 16 August 1974 based on information provided by the map prepared by the Department of Lands and Surveys, Cyprus, May 1975



Source: N. Crawshaw, *The Cyprus Revolt*, London George Allen and Unwin, pp.374-5, 1978

The years between 1963 and 1974 saw increasing physical separation of the communities as Turkish-Cypriots withdrew into the enclaves. While Makarios did little to promote intercommunal friendship, the Turkish-Cypriot leadership positively discouraged it. Yet it did survive, both on a personal level and in whole districts. There are many stories of continued Graeco-Turkish friendship during the crisis of 1974.<sup>21</sup>

Since 1974, the absence of regular contact between the communities has made it difficult for either to judge opinion on the other side of the ethnic divide. The young, in particular, have little experience of their compatriots. Many Turkish-Cypriots believe (as Denktas tells them) that *enosis* remains the overriding ambition of the Greek community—though there is no significant support for it in the south. Many Greek-Cypriots think that the Turkish army controls everything in the north, and are unaware of the vigorous political life that has developed there since 1974. Misapprehensions like these aside, however, there are signs that physical separation has increased each community's awareness of its Cypriot identity by throwing its relationship with the 'motherland' into relief. Turkish-Cypriots have found it particularly difficult to assimilate Anatolian immigrants who came to Cyprus after 1974.<sup>22</sup> One consequence of this may be greater awareness of the communities' natural interdependence: in recent years, a number of trades unions and professional associations have managed to meet outside Cyprus and issue declarations calling for intercommunal cooperation.<sup>23</sup>

Despite the recent development of fully functional multi-party political systems on both sides of divided Cyprus, it is still possible to identify consensus Greek- and Turkish-Cypriot views on constitutional and territorial issues which are broadly consistent with those expressed by the two sides' official representatives in intercommunal negotiations. These are rooted in different conceptions of the nature of the Cypriot state.

The crux of the Turkish-Cypriot position is the notion that the Cyprus republic was formed as an equal partnership between the two communities. This implies that the Cyprus government has had no constitutional legitimacy since the Turkish-Cypriot withdrawal in 1963, and that negotiations for a settlement must take place from a basis of

<sup>21</sup> See, for example, P Loizos, *The Heart Grown Bitter*, Cambridge: Cambridge University Press, 1981, pp 91–3.

<sup>22</sup> Their numbers have been variously estimated at between 10,000 and 40,000.

<sup>23</sup> See, for example, *Friends of Cyprus Report* 22 (1981), pp 10–11, and 25 (1983), pp 12–13.



equality. The 'Turkish side' also maintains that the experience of the 1960s has shown that peaceful coexistence between the communities is impossible. It argues, therefore, for a federation in which the communities share equally in all institutions of central government, while the two geographically and ethnically distinct 'federated states' function as independent economic units and even maintain semi-autonomous foreign relations. This was the theoretical basis behind the creation in February 1975 of a 'Turkish Federated State of Cyprus' (TFSC), which did not seek international recognition because it purported to be the Turkish component of the unformed federal republic. The 'Turkish Republic of North Cyprus', declared in November 1983, is the TFSC reborn, this time as an 'independent' state (though still without international recognition), seeking to enter into negotiations as such with the Greek-Cypriot state.<sup>24</sup>

Greek-Cypriots regard this formula as unworkable and undemocratic, giving the Turks mastery in their own region and a veto over developments in the south. They are willing to give exceptional minority rights to the Turks, but not to concede equal status or semi-independent powers to the communal states. Pointedly, they contrast Turkey's support for this Turkish-Cypriot demand with its refusal to acknowledge the existence of a comparable Kurdish minority in Anatolia.

These differing concepts of the state lie behind the difficulties that arise in the intercommunal talks over subjects like the powers of central government institutions. Alongside them, and equally problematic, are the communities' divergent attitudes to the question of security. After the invasion, many Turkish-Cypriots felt secure for the first time in more than a decade, and they are reluctant to risk the uncertainties of bicommunality again without powerful guarantees of their continued defensive and administrative independence. In practice, the guarantees they seek include the continued presence of the Turkish army, the retention of Turkey's guarantor powers, the exclusion of most (if not all) Greek-Cypriots from the Turkish region, and the exclusive use of sufficient land—at least 30 per cent of the island—to ensure their economic independence.

Greek-Cypriot security concerns differ markedly from those of their Turkish compatriots. They point out that Cyprus is only minutes' flying time from southern Turkey's strategic airbases, and that they, rather than the Turkish-Cypriots, now fear annexation by a foreign power. In

<sup>24</sup> The orthodox Turkish-Cypriot viewpoint is expressed in R Denktas, *The Cyprus Triangle*. Nicosia: K Rustem, 1982, and Z Nedjatigil, *The Cyprus Conflict*. Nicosia: K Rustem, 1982.

recent years, Kyprianou has consistently proposed wholesale demilitarisation as the solution to Cyprus' security problems, with internal security to be handled by a United Nations force. The needs of the refugee community make it difficult for him or any other Greek-Cypriot political leader to compromise on the fundamental freedoms of movement, residence and property-ownership in response to Turkish-Cypriot security fears, or to accept a Turkish region much larger than 20 per cent of the island.

As the refugee problem suggests, Greek-Cypriots have more reason to seek an early settlement of the Cyprus problem, but there are real incentives on the Turkish-Cypriot side too. Because it is recognised as the legitimate government, Kyprianou's regime has been able to impose an economic embargo on the north. This, and the close economic links between the north and Turkey—which finances two-thirds of its budget—have led to stagnation and a growing disparity between living standards north and south of the green line.<sup>25</sup> A settlement would bring much-needed prosperity and investment to the north. It would also allay fears that Turkish Cyprus will eventually be annexed by the Turkish republic.

Although there is a broad consensus on overall objectives within the Turkish-Cypriot community, concerns like these are reflected in differences of emphasis and tactics between Denktas's nationalist supporters and the socialist opposition parties—the Communal Liberation and Republican Turkish parties—which won almost half of the seats in the Turkish-Cypriot assembly in 1981. Both have argued for greater flexibility in intercommunal negotiations, opposed the introduction of administrative changes emphasising links with Turkey, and placed some faith in the potential for intercommunal cooperation. Since November 1983, however, they have lost the political initiative. Denktas's UDI proposal, which they had previously opposed, caught them unawares and they found themselves forced to endorse a measure which he presented as the historic destiny of the Turkish-Cypriot people. This revived the nationalist consciousness on which Denktas depends and enabled him to appoint a nationalist majority to an enlarged constituent assembly. Internal Turkish-Cypriot politics had as much to do with UDI as the Cyprus problem.<sup>26</sup>

<sup>25</sup> In 1981, the disparity in income per head was 4:1 (\$4400:\$1100), according to Kyle, *op. cit.*, p. 16.

<sup>26</sup> UDI has also enabled him to stand for re-election as president of the 'Turkish Republic'. On recent Turkish-Cypriot politics, see the articles by D Souter and K Watkins in *Friends of Cyprus Report* 23 (1981/2), pp 5–7 and vol. 26 (forthcoming) respectively.

The declaration of the Turkish Republic temporarily united the Greek-Cypriot political parties, which normally differ sharply over tactics on the Cyprus problem. Unlike Makarios, Kyprianou has limited political support, and he depends on the endorsement of the communist party, AKEL. Rigidly pro-Soviet in foreign policy, AKEL makes limited domestic political demands and tries to impose a moderate position on the Cyprus problem in line with Moscow's proposal for an international conference. In 1982, to the fury of Greece's new socialist prime minister Andreas Papandreou, it persuaded Kyprianou to continue the intercommunal talks while seeking wider international support for the Greek-Cypriot position.<sup>27</sup> Like the right-wing Democratic Rally (led by Glafkos Clerides), it welcomed Pérez de Cuéllar's 'indicators' and criticised Kyprianou's equivocation which, some argue, made it easier for Denktas to declare UDI. Since November 1983, Kyprianou has adopted a more conciliatory line, offering new concessions to the Turkish-Cypriot side—including the suggestion of looser federal constitutional arrangements and a hint that he might agree to 25 per cent of the island being included in a Turkish-Cypriot region. Although these proposals were rejected by the Turkish side, they demonstrated growing support for an early settlement amongst Greek-Cypriots.

### International relations

Proposals for a settlement of Cyprus' internal problems are still primarily directed towards finding ways of accommodating intercommunal tension by sharing power between the communities—much as they have been since the 1950s. Little attention has been paid to alternative strategies emphasising ideological rather than intercommunal political differences. The international aspect of the problem reflects the same preoccupation with evolving new variants of old solutions to the problem of how to guarantee political development without intervention by outside powers.

Since at least 1955, Cyprus has been an object of competition for territorial control and/or political influence between Greece and Turkey. Between 1960 and 1974, successive Greek governments sought to dictate developments in Cyprus, first by infiltrating troops to undermine the Turkish and Turkish-Cypriot position, then by destabil-

<sup>27</sup> The Greek government's line is supported by the small socialist party EDEK (Unified Democratic Union of Cyprus). Recent Greek-Cypriot elections are analysed by D Souter in *ibid* 22 (1981), pp 2-5 and 25 (1983), pp 3-5.

ising and overthrowing the Greek-Cypriot regime. The doctrine of the 'National Centre', Greece's 'right' to dictate Greek-Cypriot policy, was abandoned by Karamanlis' democratic regime in 1974 in favour of support for policies independently adopted by the Cyprus government, but it has re-emerged to some extent since Papandreou's election in 1981. Kyprianou has consistently rejected Papandreou's efforts to link the Cyprus dispute to Graeco-Turkish disputes in the Aegean, and there has been more than one ill-tempered exchange between them over the presentation of the Greek-Cypriot case.

Since 1974, however, the Turkish government has been the dominant foreign power in Cyprus, overtly influencing Turkish-Cypriot political life<sup>28</sup> and able to veto any settlement proposals that fail to meet its strategic requirements. In practice it has become a guarantor not of the 1960 constitution but of intercommunal partition. None of the guarantor powers actually fulfilled its obligations under the Treaty of Guarantee. Greek and Turkish governments exceeded their powers frequently in the 1960s and broke the treaty terms conclusively in 1974. Britain intervened only briefly in 1963 and took no action in 1974 other than to protect British holidaymakers trapped in the fighting.<sup>29</sup>

International guarantees failed to secure independence and constitutional order in Cyprus. Only once since 1960—in the Acheson Plan—has a comprehensive alternative to international guarantees been proposed by the international community—but that was a scheme to dissolve the Cypriot state, and divide it between Greece and Turkey in the interests of NATO rather than the Cypriot people.<sup>30</sup> Since the failure of Anglo-American proposals in 1978 and the end that year of the congressional boycott of arms supplies to Turkey (imposed as a result of the Cyprus invasion), Western countries have confined themselves to supporting the intercommunal dialogue, discouraging recourse to the UN General Assembly and rejecting international initiatives lest these disrupt those delicate negotiations. They have ignored the international aspect of the problem, fearful of stirring up further disagreements between Greece and Turkey, and regard the present situation in Cyprus as acceptable in view of the absence of

<sup>28</sup> In October 1982, for example, the Turkish ambassador intervened directly in a contest for the leadership of Denktas's National Unity Party.

<sup>29</sup> Britain has called for a meeting of the guarantor powers since the declaration of UD1 in the north (which it condemned, along with other Western countries). However, this proposal has been rejected by the Greek government, apparently on the grounds that it might imply recognition of the new Turkish-Cypriot 'state'.

<sup>30</sup> This idea was revived briefly by the Greek dictatorship in 1967.

violence and the risk that a settlement, if it broke down, might lead to further violence between the communities and the neighbouring powers.

The crux of the Cyprus problem today, the interplay of international and intercommunal relationships, is little different from that of the 1950s. Irredentist nationalism combined with political systems emphasising communal rather than ideological differences and a spirit of competition between the communities' 'motherlands' to create strong centrifugal forces within the Cypriot state in the 1960s. Attempts at a settlement since then have concentrated on ways of accommodating intercommunal differences and international competition. The problem today is not simply one of securing a settlement, but of establishing institutions that will tend to draw the communities together rather than cause them to identify with fellow Greeks or Turks on the mainland. That is a challenge for the Cypriot communities, for the governments of Greece and Turkey, and for the United Nations.

## Iran's Islamic Revolutionaries: before and after the revolution

Iran has undergone two major revolutionary changes in the twentieth century. The first, the constitutional revolution of 1905–9, was rooted in Iranian nationalism, liberalism and socialism and, led by the modern intelligentsia, succeeded in framing a predominantly secular constitution. The second, the Islamic Revolution of 1977–9, was inspired by Iranian nationalism and Islam and has installed the traditional 'Ulama as the main political rulers under a clerical constitution of 1979.

Much has been written about the social and political bases of the constitutional revolution and its demise. In this article an attempt is made to describe and analyse the polarisation of the Islamic revolutionaries after the Islamic Revolution of 1977–9.<sup>1</sup> Most of the material on which this article is based was gathered through interviews in Tehran in January 1980 and November 1982 with the members of the first post-revolutionary government, leading academics, leaders of the Islamic revolutionary guards, supporters of the Mujahedin-i-Khalq, and sections of *bazaari* merchants.

Four years after the revolution, the most striking aspect of Iran's political system is the solidly entrenched position of the traditional 'Ulama in the major organs of the state: the parliament (*Majlis*), the executive, the komitehs<sup>2</sup> and the judiciary. The situation is best summarised by Ervand Abrahamian:

<sup>1</sup> For a good historical account of the two revolutions see Ervand Abrahamian, *Iran Between Two Revolutions*, Princeton: Princeton University Press, 1982. Two other recent books which dwell on the subject in detail are: Saiyid Athar Abbas Rizvi, *Iran: royalty, religion and revolution*, Canberra: Ma'rifat Publishing House, 1980, and Amin Saikal's *The Rise and Fall of the Shah 1941–1979*, London: Angus and Robertson, 1980.

<sup>2</sup> By late 1978 and early 1979 the political structure of the Pahlavi State had collapsed and political power had passed into the hands of local ad hoc organisations known as komitehs (committees) throughout the country. The composition of these komitehs differed from region to region. In the Persian-speaking central provinces komitehs were dominated by pro-Khomeini clergy. In the Azerbaijan region komitehs were dominated by the supporters of Ayatollah Shariatmadari. In Kurdistan, the local power had passed onto shawras (councils) whose members were drawn from the secular section of the local community. And in more tribal and outer regions such as Baluchistan and Khuzistan the power has passed on to the local traditional political organisations. These komitehs now are almost entirely dominated by the pro-Khomeini clergy and are one of the mainstays of the new Islamic political order.

[The Islamic revolution] has brought to the fore the traditional 'Ulama, who, inspired by the 'golden age' of Islam, have sealed their victory by drawing up a thoroughly clerical constitution, replacing the state judiciary with Sharia courts and denouncing Western concepts such as democracy as heretical. In fact, the Islamic revolution is unique in the annals of modern world history in that it brought to power not a new social group equipped with political parties and secular ideologies, but a traditional clergy armed with mosque pulpits and claiming the divine right to supervise all temporal authorities, even the country's highest elected representatives.<sup>3</sup>

The ascendance of the traditional 'Ulama to power in post-revolutionary Iranian society, did not however, occur simultaneously with the success of the Islamic revolution. It has come about with the polarisation of the Islamic revolutionaries in the period following the revolution as a result of serious differences centring around the nature and meaning of the Islamic state.

In calling upon Mehdi Bazargan, the leader of the Nahzat-i-Azad-i-Iran (the Liberation Movement of Iran), to form the first post-revolutionary Iranian government, Ayatollah Khomeini implicitly invited the Islamic faction of the National Front to undertake the political, social and economic restructuring of post-revolutionary Iranian society.<sup>4</sup> This decision was to have wide-ranging political implications. It set in motion the process of political polarisation within the National Front between Bazargan's Liberation Movement and the Front's secular and socialist parties on the one hand and between the modern Islamic intellectuals (mostly from the Liberation Movement), the Mujahedin-i-Khalq<sup>5</sup> (also known as the Mujahedin) and the

<sup>3</sup> Ervand Abrahamian, *op. cit.*, p. 530

<sup>4</sup> National Front (Jebeh-i-Melli) was formed by Mohammad Mossadeq in 1949 as a broad coalition of political parties to force the Shah to hold free democratic elections for the Majlis, to lift martial law and to restore press freedom in the country. The main organisations which constituted the National Front were: the Iran Party; the Toiler's Party (Hizb-i-Zahmatkeshan), The National Party of Iran (Hizb-i-Mellat-i Iran) and the Society of Muslim Warriors (Jam'eh-i-Mujahedin-i-Islam). These parties represented both the modern Islamic intelligentsia as well as the socialist intelligentsia. After the 1953 coup which led to the dismissal of the National Front government of Mohammad Mossadeq, most of the National Front leaders were arrested. In 1954 after the release of some of them, the Front re-emerged under a new name the National Resistance Movement (Nahzat-i Moqavemat-i-Melli). In 1956 all leaders of the National Resistance Movement were arrested on the ground that they were undermining 'Constitutional Monarchy'. The National Front was revived again between 1960-63 as a broad coalition of the Liberation Movement (Nazhat-i-Azad-i Iran), the National Party, the Iran Party and the Socialist Society. The political schisms within the National Front after 1963 led to its break up and division into rival blocs; but these rival blocs continued to be known as the National Front.

<sup>5</sup> The Mujahedin-i-Khalq, as an organisation, evolved out of the religious wing of the National Front especially from the Liberation Movement in the early 1960s. Most of its leaders came from among the Tehran University students. The political ideology of the Mujahedin drew its inspiration from Shia Islam and expounded the theory that it was the duty of all Muslims to

traditional '*Ulama*, led by Ayatollah Khomeini's former students from Qum, such as Ayatollah Hussein Montezari, Ayatollah Behesti, Ayatollah Morteza Mottaheri, Hojjat-al-Islam Ali Akbar Hashemi Rofsanjani, Hojjat-al-Islam Mohammad Bohanar and Hojjat-al-Islam Ali Khamenehi. It can be said with some justification that the 1977-9 Revolution in Iran was a special and 'unexpected revolution' and the struggle for hegemony started in earnest only after the revolution, when the struggle for political power took an ominous turn.<sup>6</sup>

Within a few months several autonomous centres of political power had emerged. These included the Provisional Revolutionary Government led by Mehdi Bazargan, the Revolutionary Council appointed by Ayatollah Khomeini, the *Komitehs* and *Shawras*, the Islamic Revolutionary Guards (*Pasdaran*), the Islamic Courts and the Mujahedin-i-Khalq. The traditional clerics and '*Ulama* dominated and controlled the ubiquitous *Komitehs* and the revolutionary courts with the active support of the Revolutionary Guards. Within a year after the Revolution these *Komitehs* and Islamic courts were functioning as governments within the government. At the national level the clergy-controlled Islamic Revolutionary Council became a rival for the political authority of the Provisional Government and, through its deliberations and public pronouncements in the name of Ayatollah Khomeini, did

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participate in the struggle to create a classless society and destroy all forms of oppressions such as imperialism, capitalism, despotism and conservative clericalism. The main difference between the Liberation Movement and the Mujahedin-i-Khalq is/was that whereas the former considered the Islamic Revolution with the release of their members from prisons and with recruitment of considered the struggle by the oppressed class(es) as the main force of historical revolutionary change in Iran. The Mujahedin-i-Khalq started their militant struggle against the Pahlavi state in 1971 with the financial and political support from the Liberation Movement. By 1976, its members had suffered heavy losses in their militant struggle against the Shah's regime. But after the Islamic Revolution with the release of their members from prisons and with recruitment of the new members, the Mujahedin-i-Khalq was able to establish itself as a viable and influential political organisation. And as the members of Liberation Front were dislodged from power in the Provisional Revolutionary Government by the traditional '*Ulama* who sought to establish a clerical Islamic state under a clerical constitution, the Mujahedin-i-Khalq emerged as their main militant political opponents. Its members carried out numerous guerrilla attacks on the leaders of the Islamic government between 1980 and 1983, killing several hundreds of them. The Islamic government reacted strongly and instituted some harsh and brutal security measures against the Mujahedins which by 1983 had inflicted heavy losses on them. Many of the Mujahedin leaders now live in exile outside Iran and the remaining local members are mostly organised in small secret underground cells. Although it still remains the most effective political opposition to the Islamic government, it has not been able to carry out any major guerrilla attacks more recently against the government. For a good historical account in English, of the development of Mujahedin-i-Khalq until 1979, see Ahrachamian, *op. cit.*, pp 480-96.

<sup>6</sup> Mohammad Jameii, *An Essay on the Islami Revolution of Iran*, Tehran: The Ministry of National Guidance, 1980. This observation was reinforced by statements made by my respondents whom I interviewed in Tehran in 1980 and in 1982.



everything possible to undermine the authority of the provisional revolutionary government of Mehdi Bazargan.<sup>7</sup>

Within this first year new political alliances were formed and the lines drawn for the ensuing power struggle. In this period the traditional '*Ulama*', who considered themselves the real vanguards of the Islamic Revolution and believed that they alone were capable of preserving the purity of the revolution had also formed their own political party—the Islamic Republican Party (IRP), which was dominated by the clergy at all levels. Political expediency prompted the supporters and members of the Tudeh Party, as well as the socialist elements of the National Front, who were extremely wary of the attitude of Bazargan and his Liberation Movement colleagues towards them, to join the traditional '*Ulama*' in their stand against some of the policies of the provisional government. The real struggle for political power, therefore, was between the two Islamic parties—the Liberation Movement dominated by nationalist Islamic intelligentsia and the clergy-dominated Islamic Republican Party.<sup>8</sup> Besides the obvious political motives to control the government, the traditional '*Ulama*' were also very unsympathetic to the intellectual orientation and approach to Islam of the leading members of the Liberation Movement.

In forming the Liberation Movement, devoutly religious Mehdi Bazargan, Ayatollah Taleqani and their circle of French-educated technocrats had sought to show that Islam had answers for modern problems, and, therefore, was relevant to the contemporary world. They had sought to bridge the deep gulf separating devout believers from secular reformers, traditional *bazaaris* from modern educated professionals, conservative anti-Shah clerics from forward-looking intellectuals, and the religious establishment in Qum from the patriotic nationalist intelligentsia of the National Front. The Liberation Movement had also intended to break the clerical monopoly over religion by developing an Islamic tradition that synthesised the mild features of

<sup>7</sup> The Revolutionary Council's public pronouncements on the issue of the American Diplomatic staff detention by the 'students' were in sharp conflict with the policies and efforts of the provisional government which was trying to negotiate with the 'students' for the hostages' release. After a lengthy debate of the issue in the Revolutionary Council in early 1980, an exasperated Mr Bazargan told me that 'they (the council members) don't want one prime minister but fifteen prime ministers', meaning that every member of the council wanted to play a decisive and leading political role in the country.

<sup>8</sup> The phrase nationalist Islamic intelligentsia refers to the Western educated intellectuals and their associates (particularly the *Majehedin-i-Khalq*) involved in struggle against dictatorship and foreign domination on the basis of their independent Islamic thinking, and the traditional '*Ulama*' refers to *madrasesh* educated senior Shia clerics and especially to those educated at the famous *Fayzieh* *madrasesh* in Qum.

European socialism with the progressive ideas of Shia Islam, and the advantages of industrial technology with cultural values of their own traditional society. In short 'they had aimed at formulating a lay-dominated religion that would be acceptable both to the anti-Shah clergy, especially to the junior clergy, and to the modern, educated middle class, particularly the discontented intelligentsia'.<sup>9</sup>

The religious ideological orientation of the leading members of the Liberation Movement was perceived by an influential and powerful section of the clergy as too 'radical'. They found the Islamic ideological orientation of Iranian and French educated sociologist Ali Shariati particularly disconcerting. Dr Shariati who died in 1977, is considered by many as the outstanding intellectual of the Liberation Movement and one of the architects of the Islamic Revolution of 1977-9. During 1960 and 1975 he exerted a powerful ideological influence over the younger Iranians through his lectures first at various provincial Iranian universities and finally at the Husseinieh-i-Ershad, a religious meeting hall financed by the supporters of the Liberation Movement. His lectures and writings had one clear message: Shia Islam is not a conservative, fatalistic and apolitical creed but rather a revolutionary ideology that permeates all spheres of life and inspires true believers to fight against all forms of oppression, exploitation and social injustice.<sup>10</sup>

Shariati was very critical of the conservative, traditional '*Ulama*'. He accused them of becoming a part of the ruling class, of institutionalising revolutionary Sh'ism, and thereby transforming it into a highly conservative religion. He maintained that the return to true Islam would be led not by the '*Ulama*' but by the progressive *rushanfekran* (intelligentsia).<sup>11</sup>

Many traditional '*Ulama*' found the modernistic, humanistic and radical ideas of Shariati, Bazargan and other leading members of the Liberation Movement generally unpalatable. The appointment of Mehdi Bazargan as Prime Minister and his Liberation Movement associates to various ministries in the Provisional Revolutionary Government was seen by many powerful traditional '*Ulama*' (some of whom were close associates of Ayatollah Khomeini) as antithetical to the objectives of the Revolution. But on the other side, Mehdi Bazargan

<sup>9</sup> Ervand Abrahamian, 'The Guerrilla Movement in Iran, 1963-1977', *MERIP Reports* (86) March/April, 1980, p 9.

<sup>10</sup> Some of Dr Ali Shariati's publications have now been translated into English. These include: *On the Sociology of Islam* (translated by Hamid Algar), Berkeley: Mizan Press, 1979; *Hajj* (translated by Somayyah and Yaser), Bedford, Ohio: Free Islamic Literatures Incorporated, 1978.

<sup>11</sup> A good summary of Dr Shariati's social thought can be found in Abrahamian, *op. cit.*, pp 464-73.

and his associates in the government, who were all devout and practising Muslims, saw themselves as the Islamic intellectual revolutionary vanguards with a responsibility and indeed a duty to build a modern Islamic society in Iran.

The tension between the two streams of Islamic intelligentsia—the modern Islamic intelligentsia from the Liberation Movement and the traditional '*Ulama* from the *Fayzieh*—was also the result of the conditions of their social, intellectual and religious socialisation. A leading member of the Liberation Movement recently explained the social construction of this political tension to the author in the following manner:

The difference between the traditional '*Ulama* and the modern Islamic intellectuals are related to the characteristic of each one of these two streams. For example, the Muslim intelligentsia which have been active in the universities had to adopt a rational and logical intellectual stance because many of the people they are dealing with would not accept Islamic principles or Islamic beliefs or Islamic ideas *per se*. For example, they cannot accept that this is Islam and that's that. At the university you have groups who are non-Muslims and anti-Islam like the communists. They raise questions in your own mind; they say, for example, why and how the Prophet Mohammad was uplifted to heaven. You can't say it is so because it is in the Koran. They don't believe in the Koran. You have to rationalise it for them. Then you say pork is forbidden. For a devout Muslim the word of God is the word of God, it is forbidden, but for a non-Muslim, for a non-believer it is not enough. Either he is curious or he wants to create doubts in the hearts of Muslim youth. So you have to rationalise these points. As a result the Islamic intelligentsia within the universities have written books and literature answering these questions. Rationalising it. Of course, in rationalising these points one is also using scientific products, the scientific endeavours we have been able to get from science are used to prove the point that has been said in the Koran. This does not mean that you believe in scienticism against the Revelation. No, we believe in the Revelation—the way you explain you rationalise what God has said. Not contrary to Revelation, but in accordance with it. But the Muslim intelligentsia from the *Fayzieh*—they are dealing with the common people. For common people the question *doesn't* exist. They never ask why I shouldn't eat pork, they never ask why should *we* fast. They fast and don't eat pork because it is said in the Koran. As a result the Islamic intelligentsia from the *Fayzieh* never bothered to answer these questions and never produced literature concerning these subjects, these ideas. The main differences between the two lines of Islamic intelligentsia boils down to two questions: whether we can be fair to the product of scientific endeavours and the extent of legitimacy and dominance of clergy in the Muslim Society. After the Revolution in political organisation of the clergy—the Islamic Republican Party has advocated a one-party ruling system to safeguard the Revolution, to manage the country. They reason that in all revolutions, after the revolution, one party or one front, or one group, has taken over and ruled the country, particularly in the transition stage. *We* don't believe in that, for various reasons: first, the nature of the Islamic view or Islamic ideology is such that it does not accept this. Within the Islamic movement you have different tendencies, different attitudes and different tastes, all

these should be respected and permitted to thrive. After such a long history of dictatorship in Iran, absolute dictatorship in the past forty years, one cannot expect to have a quiet, homogeneous society. It is very natural and normal that after the revolution, people talk and you see differences of opinion among them. Secondly, we don't believe in that, because in the Iranian revolution unlike the other revolutions one cannot find any particular group, party or a coalition of parties in a front to rule the revolution from the beginning to the last stage of victory. You may see such conditions in the Algerian and the Vietnamese revolutions. You will see in some revolutions like in China one party has been responsible for the final victory. But in Iran you don't see this—therefore, in these revolutions the leading groups whether it is a party or a coalition of parties they have gained the popularity and legitimacy because of their leadership. But in Iran you don't see that, whether it is *Nazhat-i-Azad-i-Iran* (Liberation Movement of Iran) or the *Mujahadin* or Islamic Republican Party, they cannot, none of them can claim that they have led the revolution from the very beginning to the final victory against the Shah, and, therefore, they are legitimate to rule the country according to the Charter of their own party.<sup>12</sup>

The differences and tension between the modern Islamic intelligentsia and traditional *'Ulama* surfaced with great intensity in 1980 and the ensuing ideological conflict between the two streams of Islamicists was to have profound political ramifications. The conflict centred around the concept of the Islamic state on which the two groups held very divergent views. Soon after the Revolution, Ayatollah Khomeini directed the Provisional Revolutionary Government to proceed with drafting the new Constitution for Iran. This task was undertaken with remarkable efficiency and speed, for within six months the first draft of the Constitution was prepared. It was approved by Ayatollah Khomeini and adopted by the Revolutionary Council, with minor amendments, and by the Provisional Revolutionary Government.

This preceded the elections for the Parliament (*Majlis*), and according to one of the leading cabinet members of the Provisional Revolutionary Government who was interviewed by the author in 1982, Ayatollah Khomeini and the clerics in the Revolutionary Council wanted the new Constitution to be put to a referendum immediately. This was opposed by Mr Bazargan and his cabinet on the ground that a Constitution consisting of 170 articles could not be put to a referendum in which people were asked to say 'yes' or 'no' to the whole Constitution. They argued that a person may want to say 'yes' to 160 articles but 'no' to the other ten. Finally, a compromise was reached, and it was decided to place the Constitution before the elected parliament for its approval and then put the decision of the parliament

<sup>12</sup> Excerpts from the transcript of an interview with the spokesman of *Nahzat-i-Azad-i-Iran*, Tehran, 13 November 1982.

to the referendum. When parliamentary elections were held soon afterwards, the clergy who dominated the Islamic Republican Party won a majority of the parliamentary seats. When the parliament convened to consider the Constitution the members of the Islamic Republican Party introduced a major change which was to alter fundamentally the nature of the new Constitution by inserting article 5 pertaining to the *Vilayat-i-Faqih*. It reads:

During the occultation of the Lord of the age (May God hasten his renewed manifestation!) the governance and leadership of the nation devolve upon the just and pious *faqih* who is acquainted with the circumstances of his age; courageous, resourceful and possessed of administrative ability; and recognised and accepted by the majority of the people. In the event that no *faqih* should be so recognised by the majority, the leader or the leadership council, composed of *fuqaha* possessing the aforementioned qualifications will assume this responsibility in accordance with article 107.<sup>13</sup>

Article 107 of the Constitution simply affirmed Ayatollah Khomeini as the *Vilayat-i-Faqih*—‘The exalted *marja-i-taqlid* and leader of the Revolution’. Specific qualifications of the leader or members of the ‘Leadership Council’ according to article 109 are:

- a) suitability with respect to learning and piety, as required for the function of *mufti* or *marja*;
- b) political and social perspicacity, courage, strength, and the necessary administrative abilities for leadership.

The *Vilayat-i-Faqih*, according to article 110 of the Constitution is assigned the duties and powers to appoint *fuqaha* on the Council of Guardians, the supreme judicial authority of the country, powers to appoint and dismiss the supreme commanders of the armed forces and the commander-in-chief of the Islamic Revolutionary Guards, to declare war and peace, to approve the suitability of presidential candidates, and to dismiss ‘the President of the Republic with due regard for the interest of the country . . .’

The Constitution, therefore, conferred on the *Vilayat-i-Faqih* (or the Council of *Fuqaha* when there is no *Vilayat-i-Faqih*) the supreme and ultimate authority of the State. The Presidency and the Parliament, although elected by the people, are subordinate institutions to the office of the *Faqih* (or the Council of the *Fuqaha*).

These changes in the Constitution which fundamentally changed the nature of the State in post-revolutionary Iran were debated and approved by the Parliament and affirmed by a subsequent referendum. They were opposed by the modern Islamic intellectuals in and out of the

<sup>13</sup> *Constitution of the Islamic Republic of Iran* (translated by Hamid Algar), Berkeley: Mizan Press, 1980.

Provisional Revolutionary Government on principle and were instrumental in causing the resignation of the first Provisional Revolutionary Government of Mehdi Bazargan. The concern of many modern Islamic intellectuals was that the Constitution gave absolute power to the *Vilayat-i-Faqih* notwithstanding the fact that, unlike the president<sup>14</sup> the *Faqih* was not required to be an Iranian citizen (see qualification for the *Faqih*). They also objected to its thoroughly clerical nature; 'we have fought for forty years for a democratic and not a theocratic government' as one of the leaders of the Liberation Movement told the author in 1980.<sup>15</sup>

The new Constitution was a major victory for the traditional 'Ulama over the nationalist modern Islamic intelligentsia. It boosted the power and position of the clergy in post-revolutionary Iranian society. In 1981 when the first elected president, Dr Abul Hassan Bani Sadr who came from the Liberation Movement, was dismissed from office by Ayatollah Khomeini and replaced by a candidate from the Islamic Republican Party, the political domination and hegemony of the clergy in Iran became firmly established.<sup>16</sup>

In retrospect and ironically, the opposition to the constitutional referendum, after its first draft had been approved by the Revolutionary Council and Ayatollah Khomeini, by the nationalist Islamic intelligentsia in the Provisional Revolutionary Government was a watershed in Iranian history. The consequences of this eventually left them without any effective political power in Iran. For the members of the Liberation Movement, the Mujahedin-i-Khalq and their socialist coalitionists in the National Front there are remarkable similarities between their political plight now and that under the regime of the Shah. Then they were perceived as radicals and anti-Iranian, whereas now they are

<sup>14</sup> The qualifications for the office of President as stipulated in article 115 of the Constitution are: 'Iranian origin, Iranian nationality; administrative and managerial capacity; good past record; trustworthiness; piety; convinced belief in the fundamental principles of the Islamic Republic of Iran and the official school of thought in the country'.

<sup>15</sup> The constitutional provisions pertaining to the office of the *Faqih* or members of the *Fuqaha* Council raise other political and legal problems. As the constitution does not require the *Vilayat-i-Faqih* to be an Iranian citizen this seems to mean that, legally, a non-Iranian could also become a *Faqih* and since only 35 million out of an estimated 140 million Shias live in Iran, it also could mean that the religious and political pronouncements of the *Faqih* are also binding on non-Iranian Shias. This has direct bearings on the Iran-Iraq war as well as on Iran's relations with other Muslim countries especially in the Middle East and South-West Asia.

<sup>16</sup> Abul Hassan Bani Sadr, a French-educated economist, a prominent member of the provisional revolutionary government and the Liberation Movement of Iran, was elected in a democratic election in 1980 and received over 75 per cent of the votes cast. The presidential candidate of the Islamic Republican Party received only limited electoral support in the election.

labelled as anti-Islamic revolutionaries and agents of either the 'great Satan', the United States, or the Soviet Union.

After having won a decisive victory over the nationalist modern Islamic intelligentsia, the clergy-dominated government proceeded to discredit the Tudeh Party, whose supporters had aligned themselves with the '*Ulama*' in their efforts to dislodge the Liberation Movement from power in the Provisional Revolutionary Government. It eventually succeeded in this task with active assistance from the Islamic Revolutionary Guards. Early in 1983 the Revolutionary Guards claimed that they had gathered conclusive evidence showing that the Tudeh Party was conspiring against the Islamic Republic. According to government communiqués, Ayatollah Khomeini, after receiving this evidence, commended the Revolutionary Guards for 'unmasking' the 'treacherous' activities of the Tudeh Party. He is reported to have told them 'The Tudeh Party had complete freedom of action in Iran, but it always raised so much hue and cry about the alleged lack of freedom in this country. Thank God for your vigilance in detecting their traitorous activities, which made timely remedial action possible. Like hypocritically self-righteous members of the outlawed Mujahedin-i-Khalq organisation they and their anti-State elements must be put on trial and suitably punished'.<sup>17</sup>

The current political situation in Iran, particularly as it affects political freedom, freedom of the press, freedom of speech and freedom of association, is largely slanted in favour of the Islamic Republican Party and the Islamic Revolutionary Guards. The political parties and groups which are now outside the ruling power structure have either no, or very limited, facilities to advocate their policies and mobilise public opinion in support of them. Political parties such as the Liberation Movement of Iran still seem to enjoy considerable support among the urban middle classes and if, with relaxation of media control they are allowed to publish their own newspaper, indications are that their support will grow, particularly in the urban areas. But at present there is very little evidence of any relaxation of strict governmental control over the printed, spoken and visual media. The main militant opposition to the government at present comes from the members of the Mujahedin-i-Khalq. Between 1980 and 1982 they were responsible for numerous violent confrontations with the government forces and suicidal attacks on the leading government leaders. According to their

<sup>17</sup> 'Imam Khomeini Commends Services of Islamic Revolutionary Corps', Press Release, Government of the Islamic Republic of Iran, Tehran, August 1983.

estimates between 1980 and 1982 they killed several hundred government leaders. But in the process they have also suffered very heavy losses. Over the past three years the Islamic government has also been unforgivingly harsh and brutal on the members of *Mujahedin-i-Khalq* and their supporters. Their policy, besides resulting in the executions of a large number of *Mujahedin* (estimated to be between 20,000 and 30,000) has succeeded in containing the militant opposition from the *Mujahedin*. Many leading members, including their leaders are now living in exile outside Iran. In Iran, members of the *Mujahedin-i-Khalq* although the main opposition to the government, have gone underground and no longer represent a very active militant opposition.

Paradoxically, the extensive media coverage of the activities of the Islamic Republican Party, speeches made by the clergy at the mosques, and political activities of the students at the theological colleges reveal the existence of some major differences within the ruling Islamic establishment, between its 'radical' and 'moderate' factions over a number of domestic issues, such as land reform, foreign trade, nationalism, civil liberties, women's status, management of *auqafs* (religious endowments) industrial relations, war with Iraq and relations with other Muslim countries.

The radical elements within the Islamic Republican Party are led by *Hojjat-al-Islam* Ali Akbar Hashemi Rafsanjani, one of the founders of the party and currently speaker of the *Majlis* and Ayatollah Hussein Ali Montazeri. The radicals are primarily concerned with the problems of the urban poor and the peasantry and distributive justice. The moderates within the cabinet, with close ties to the upper and middle classes and the *bazaaris* and with the support of top bureaucrats, are opposed to any radical redistribution of wealth and structural change in the economy. So far the major attempt by the radicals to redistribute wealth was to force passage of the land reform bill through the *Majlis*. But the bill has been rejected by the Council of Guardians—which must review and approve all legislation before it becomes law. The land reform bill, which placed fixed ceilings on landholdings and authorised the government to take over excess land after paying due compensation to the landlords, was found to be un-Islamic by the Council of Guardians on the ground that, by taking over excess land which had been legitimately acquired by the owner, the state would be undermining the citizen's right to private property which, according to the Koran, is inviolable. Another bill supported by the radicals, which sought to nationalise foreign trade, was also found by the Council to be unIslamic



because it placed restriction on private trading. The moderates within the Parliament at present appear to be a dominant force. As well as frustrating efforts by the radicals to restructure the economy, they have succeeded in extracting from the government an eight-point decree on civil liberties which forbids arrest without warrant and curtails the authority of the revolutionary courts by transferring the anti-Islamic crimes of corruption from their jurisdiction to the Justice Ministry's public courts.<sup>18</sup> The removal of the threat to arbitrary arrests by the revolutionary guards is a major victory for the moderates within the Islamic establishment. Besides differences on socio-economic policies, divisions within the ruling Islamic establishment on theological issues have also surfaced over the past two years, but so far these differences have not erupted into public controversies. Given the size of the economically deprived classes this conflict between the radicals and the moderates remains a major source of schisms and factionalism within the ruling Islamic establishment.

The two streams of Islamic activists—the nationalist Islamic intelligentsia from the Liberation Movement of Iran and traditional '*Ulama*' from the Fayzieh—were transformed into revolutionaries in the 1977–9 political struggle in Iran in which both played a significant and complementary role. After the revolution sociologically conditioned differences in their world-view and political orientation re-emerged and became the basis of an intense struggle for political power. The liberal, democratic orientation of the nationalist Islamic intelligentsia from the Liberation Movement of Iran was manipulated by the traditional '*Ulama*' from the Islamic Republican Party to their own political advantage. The differences over the nature of an Islamic state were exploited by the '*Ulama*' to dislodge the nationalist Islamic intelligentsia from their power base in the Provisional Revolutionary Government. The ensuing struggle saw the emergence of the clergy-dominated Islamic Republican party as the supreme political force in the post-revolutionary Iranian society. The socio-political restructuring following the clergy's ascendance to power has left the clerical class in complete control of all the major organs of the state, and there is little prospect of this situation changing in the foreseeable future.

<sup>18</sup> Dilip Hiro 'Letter from Tehran', *Far Eastern Economic Review*, 11 August 1983.

## • The Islamic Factor in African-Arab Relations

Islam is one of the main political and social forces in many parts of Africa, south as well as north of the Sahara. Although the Muslim population in black Africa proper is more widely distributed and uneven and although virtually no state in this region regards itself as an Islamic State in the sense that states in North Africa and the Middle East do, black Africa may still be regarded as one of the major Islamic theatres of the world.<sup>1</sup> Indeed, Islam is, in terms of its distribution, an 'Afro-Asian religion' in the sense that the majority of Muslim nations and peoples are to be found either in Africa or Asia.<sup>2</sup> How did Islam come to occupy such an important position in this large area and what special characteristics has Islam in Africa come to acquire? It is on this and related questions that we propose to concentrate. The interaction between Islam, Africans and the Arabs will be central in this undertaking. Of particular interest to us is the question whether or not Islam has facilitated political cooperation between Africans and Arabs. But, first, how did Islam come to spread and indeed consolidate itself in Africa?

### **The Islamisation of Africa**

The Islamisation of Africa has been a long, uneven and indeed complex process that began around the seventh century of the Christian calendar with the Muslim conquest of Egypt. Islam entered Egypt in AD 640 and by the end of that century had reached the Atlantic. It took centuries to consolidate its gains before it gradually turned to the south. The process of Islamisation in Africa continues to the present day.<sup>3</sup> This process may be divided into several phases, varying in the depth and style of the spread of the Islamic heritage.

First there was the initial Arab Muslim thrust across North Africa from Egypt to Morocco—from the east westwards in a way strikingly

<sup>1</sup> I M Lewis (ed.), *Islam in Tropical Africa*, London: Oxford University Press, 1966.

<sup>2</sup> Ali A Mazrui, *The African Condition: a political diagnosis* (Reith Lectures), London: Heinemann, 1980 p 94.

<sup>3</sup> This survey is based on the following sources: I M Lewis (ed.), *Islam in Tropical Africa*, London: Oxford University Press, 1966; J S Trimingham, *Islam in West Africa*, Oxford: Clarendon Press, 1959; and J S Trimingham, *A History of Islam in West Africa*, London: Oxford University Press, 1962.

reminiscent of the way the Americas were later colonised and people by people of European ancestry westward across the continent. However, unlike white America which tended to emphasise its innovative essence, its newness, and to underplay its European origins. Arabised North Africa tended, by contrast, to overemphasise, sometimes even exaggerate, its link with the Arabian peninsula. It is, of course, true that all Muslims look to Mecca but North Africans have usually overstated the case for their Meccan connection.

America's rejection of Europe and the rebellion against the father was, as Max Lerner once argued, to be seen as part of the American mythology in relation to both origin and mission. The American newness was at once a myth of origin and a myth of mission. In the case of North Africa the myth of origin lay to the east. North Africa looked to the Arabian peninsula for its myth of origin and to the rest of the world as a potential area for Islamic recruitment. The tendency to dichotomise found in all major religions was in the case of Islam the divide between *Dar-el-Islam* (Abode of Islam) and *Dar-el-Harb* (Abode of War). Like the American phenomenon, the Muslim presence in North Africa was established initially through armed conquest, followed by a lengthy period of pacification and consolidation of Muslim control. This phase lasted roughly from the middle of the seventh century up to the middle of the eleventh century AD.

But, unlike the case with the rest of the continent, in North Africa there were in fact two processes under way. Islamisation was one. Arabisation was another. By Islamisation we refer to the process by which the people of North Africa were converted to the Islamic religion and became Muslims by faith. On the other hand, by Arabisation we refer to the acculturation process by which the North Africans became, among other things, speakers of the Arabic language as well as being absorbed into other aspects of Arabic culture. With time the North Africans came to see themselves as 'Arabs'.

In the second stage, Islam registered its initial impact on East Africa at approximately the same time it did so in North Africa, primarily through trade across the Red Sea and the Indian Ocean into the Horn of Africa and the East African coast, not through armed conquest as was the case in North Africa. The legendary dhows from Arabia were the chief instruments for the critical mobility required and the use of these was facilitated by the monsoons.

In the third stage Islam spread from the north southwards across the Sahara, largely through peaceful means of migration and trade from

around the middle of the eleventh century AD onwards. Just as the dhows had come over the Red Sea and the Indian Ocean to the eastern seaboard of the African continent, the caravans now came over the Sahara to black Africa proper. In contrast to the Christian missionaries, the followers of Islam generally went overland into tropical Africa. This was a period of deeper penetration and consolidation in the interior of East and West Africa through trade, settlement, and proselytisation.

The fourth stage occurred about the end of the seventeenth century AD and entailed *inter alia*, the establishment of the various Islamic states of the sub-Saharan region; in this stage the principle of *Jihad* (Holy War), was mobilised throughout the sub-Saharan area to establish and consolidate a multiplicity of Islamic theocratic states culminating in the Sokoto Empire of Northern Nigeria and the Mahdist State in the Sudan. Among the Arab-Muslim influences in Africa therefore must be included the role of Islamic statecraft and Islamic political culture in conditioning modern statehood in sub-Saharan Africa. The British were later to find the Islamic states congenial to their imperial policy of indirect rule. British indirect rule assumed the presence of defined institutions in African societies, rooted in the history of those societies. However, many African societies were relatively decentralised without the State-like institutions of authority that the British would have preferred to use for purposes of governing.

Indirect rule found its paradigmatic formulation in the emirates of northern Nigeria. As Lord Hailey observed:

It was in northern Nigeria that this procedure of using Native Authorities was given a systematic form by Lord Lugard during the years which followed the declaration of the Protectorate in 1900. The area which was brought under British protection was the scene of the most effectively organised system of indigenous rule to be found south of the Sahara. Most of the old-established Hausa Kingdoms had embraced the Islamic faith, and under its influence there had by the early 16th century developed a well-organised fiscal system, a definite code of land tenure, a regular scheme of local rule through appointed District Heads, and a trained judiciary administering the tenets of the Mohammedan law.\*

The Fulani who gained the upper hand politically in the greater part of the Hausa country, used and helped to develop further this organised system of administration.

And then Lugard and the British came. In the words of another writer, Cyril Whitaker:

Like the Fulani conquerors, Lugard perceived that a solution for his problems presented itself in the form of the already effectively functioning system of government, which by

\* Lord Hailey, *An African Survey*, London: Oxford University Press (rev. edn.) 1957, pp 453-4.

then offered such obvious additional advantages as religious justification for authority, a formal code of law (the Islamic *Shari'a*), specialised judicial institutions, a more centrally controlled apparatus of administration, the custom of taxation, and, above all, the people's habit of obeying state authority. . . .<sup>5</sup>

The legacy of Islam in northern Nigeria, implanted several centuries before the British took over, provided a fertile ground for the implementation of Britain's policy of indirect rule as designed by Lord Lugard.

The consolidation of Islamic states in sub-Saharan Africa resulted in some disintegration of social and tribal groups and eliminated organised cults, thereby leaving Islam as a credible force and cement for social cohesion.<sup>6</sup> This tended to encourage further Islamisation even after the Europeans established their own presence in the region and ended the *Jihad* era and forcible conversion to Islam altogether. Thus, the colonial era witnessed the spread of Islam among new groups such as the Bantu to the interior of the East African coast.<sup>7</sup> Peaceful conditions and facilities for communication later enabled Muslim traders and teachers to circulate freely and to propagate their faith at a period when the religious and social structures of many traditional societies were disintegrating under the pressure of various social and economic factors.

Given this broad framework of the various phases of Islamisation in Africa, the following particular characteristics of African Islam may be observed.

After the initial military phase in North Africa, Islam spread through population movement and trade, and was consolidated by proselytisation before the establishment of the Islamic states of the sub-Saharan region. Differences in style and methods of the spread of Islam in various parts of Africa include variations in the nature of the migrant Muslim population and their religious attitudes. In East Africa and in the Horn there were Somali people; Arab and Arabic-speaking tribes in Egypt, North Africa, and Northeast Africa; and, in the case of West Africa, there were Berbers. Clearly, each migrant group had its own way of travel, trade and style of interacting with the host tribes and peoples and this had an effect on the manner and quality of the respective methods of Islamisation. This may explain, at least in part,

<sup>5</sup> C S Whitaker, Jr, *The Politics of Tradition: continuity and change in Northern Nigeria 1946-1966*, Princeton: Princeton University Press, 1970, pp 26-7.

<sup>6</sup> J S Trimmingham, 'The Phases of Islamic Expansion and Islamic Cultural Zones in Africa', p 30 in I M Lewis (ed.), *Islam in Tropical Africa*, op. cit.

<sup>7</sup> *ibid.*, p 30.

the strong *Sufi* quality of East African Islam in contradistinction to the legalistic nature of West African Islam. This difference in emphasis should not be taken to mean that the *Shari'a* was entirely inconsequential in East Africa, or that the *Sufi* sects', *tariqas*, had no following in West Africa. In fact, all *Sufi* sects recognise and abide by the *Shari'a*, and several *tariqas*, such as the Tijaniyya, Qadiriyya and Ahmadiyya, enjoy considerable following in many pockets of West Africa.

An additional factor that may have contributed to the difference just mentioned may be the adaptability of Islam to differing local circumstances. Islam's adaptability made it acceptable to Africans who had religions of their own; for example, the drum and dancing became part of Islamic celebration in parts of East Africa, to the chagrin of Muslim purists there. The comparative point to bear in mind at this stage is, following I M Lewis, that the early association of Islam with centralised statehood and the persistent and obstinate Muslim state power in West Africa appear to have encouraged and emphasised the legalistic aspects of Islam. On the other hand, the less centralised conditions of a good part of Northeast Africa and indeed East Africa seem to have been receptive to the mystical *Sufi* elements.<sup>8</sup>

The role of trade and proselytisation in the Islamisation of vast areas of interior East Africa and West Africa deserves special attention. In essence, the spread of Islam in Africa can be seen in terms of the direction and character of long-distance trade along ancient routes from North Africa as well as over the Red Sea and Indian Ocean coasts. Camel-owning African tribesmen such as the Berbers of North Africa, and the Somali and 'Afar peoples of Northeast Africa were very instrumental in spreading Islam along the routes of their long-distance caravan trade. Other Muslim traders including the Hausa and Karimiya of Kanem in the east, the Dyula in the far west, and Muslim craftsmen such as the Kotokoli of Togo and the Bariba of Dahomey (now Benin), were also important agents of Islamisation within the communities in which they operated. For one, the *Dyula* (a word meaning 'trader' in Malinke) succeeded in establishing an extensive network of trade centres in the fourteenth and fifteenth centuries AD which later were to serve as a springboard from which to spread Islam throughout Hausaland, Senegambia and the Guinea coast. The easiest trade routes were from Morocco down the western coast and up the River Senegal, and by the eleventh century AD Islam began to take root among the

<sup>8</sup> I M Lewis, 'Introduction', in Lewis (ed.), *Islam in Tropical Africa*.



*habshi* (usually translated in Western sources as 'negroes') of the Western Sudan. The ancient empires of Ghana and Mali came to have rulers who were Muslims even if only nominally so, and even though traditional religious tendencies remained.

The role of trade in the fortunes of Islam must of course be tied to the biography of the Prophet of Islam himself. Muhammad is perhaps the only founder of a major religion who was once a man of commerce. Mecca itself was then, and even before Muhammad's time, almost as much a centre of trade as a religious focus for the Arabs from distant parts of the Arabian peninsula. The *Qur'an* itself assures Muslims that it is not reprehensible to seek livelihood in trade and exchange in the course of the pilgrimage (verse 198, *Sura Al Baqarah*). As already indicated, in Africa the spread of Islam was closely associated with trade. Islam in Africa flourished where there was some basis or urban culture, together with trading relations which ultimately stemmed from 'towns' and 'cities'. The Nigerian historian, Professor K O Dike, once put it in the following terms in his major work on the Niger Delta:

The buying and selling of commodities is almost always accompanied by the contact of cultures, the exchange of ideas, the mingling of peoples and has led not infrequently to political complications and wars. Trade with the Arabs, by way of the Saharan caravans, brought medieval West Africa into touch with the world of Islam; and with Islam came Arab culture and civilisation.<sup>9</sup>

Trans-Saharan commerce was, in a sense, an earlier if rudimentary form of economic transformation in West Africa. For a while Islam remained, by and large, a religion of trading towns. Here is transmitted techniques of credit, commerce and political organisation which had expanding local influence, especially in the financing of long-distance trade and in the development of centralised administrations. In these respects, the influence of Islam was uninterrupted and fairly widespread.

Traders were often either accompanied or followed by holy men or teachers, *malams* (from the Arabic word *mu'allim* meaning teacher or instructor), who taught the *Qur'an* as well as other aspects of the Islamic civilisation to the newly converted communities. Thus Abdallah Ibn Yassin, founder of the Almoravids (Murabitun), inaugurated his mission among the Sanhaja in the eleventh century, and his sect was later to convert the ruling dynasties in Ghana, Mali and Songhay. Likewise, the Funj of Sennar encouraged *malams* to settle and teach in the Sudan in the sixteenth century AD, while Mansa Musa imported

<sup>9</sup> K O Dike, *Trade and Politics in the Niger Delta 1830-1885*, Oxford: Clarendon Press, 1956, p 5

Sharifs to teach Islam in Mali in the fourteenth century AD. The activities of these Islamic scholars and teachers led to the creation of thriving local centres of learning, locally including that of Harar in the East and Djenne and Timbuktu in the West. At Timbuktu the first African university was established, itself another part of the Islamic heritage.

In 1550, an Italian traveller, Leo Africanus, wrote on visiting Timbuktu:

There you may find many judges, professors, and devout men, all handsomely maintained by the king, who holds scholars in much honour. There too, they sell many handwritten North African books and more profit is made there from the sale of books than from any other branch of trade.<sup>10</sup>

The work of the Islamic scholars and teachers led to the grooming of local teachers and scholars from the indigenous population who were, for obvious reasons, particularly effective in their own communities. This Islamic practice of developing open local centres for the purposes of training teachers and scholars drawn from the indigenous population to be incorporated into the teaching and proselytisation force was a clear demonstration that Islam, unlike Christianity after it, spread without the establishment of a foreign elitist clergy.<sup>11</sup> There was, therefore, a difference in the approaches and perhaps the intentions of the Muslim and later Christian missionaries.

In order to fully understand the role of these Muslim *malams* or teachers in Africa one must consider the multiplicity of functions they performed and the various roles they played in non-Muslim communities in West Africa. Their knowledge of classical Arabic and their extensive contacts in the broader world enabled them to act as negotiators and mediators both internally and externally within and between the various kingdoms and chiefdoms in the region. This was their diplomatic function. In addition they also performed accounting and other administrative tasks. Their expertise and skills often brought them into closer contact with the inner and higher ruling circles. In addition, their nearness to the corridors of power enhanced their prestige among the wider society thereby enabling them to emerge as particularly effective proselytisers.

<sup>10</sup> Charles Hobson and David Harrison, '“The Africans” Presented by Professor Ali Mazrui', a working outline of nine programmes based on discussions between BBC/WETA/PBS. Unpublished manuscript, November 1982.

<sup>11</sup> As Lewis, *op. cit.*, p 28 puts it: 'Lacking any formal hierarchy beyond the loose organisation of clergy associated with the religious orders and with no exclusivistic tradition of expatriate appointment, there was little or no barrier to the recruitment and training of local teachers to spread the faith'.



It was through these means severally or by a combination of them that Islam was able, over a period of several centuries, to spread through the centralised or loosely centralised states of West Africa as well as through the decentralised communities of East Africa. Today, Islam is the fastest-growing religion on the African continent, and conversion is undertaken by the African Muslims themselves.

To conclude this section then, we have observed that the Islamic tradition within the African continent though less widely distributed geographically is more deeply-rooted than the Western traditions. The greatest concentration of Islam in Africa is, of course, in Arabised North Africa, where the great majority of the population is Muslim. Next in Islamic concentration is West Africa and the Horn of Africa, where countries like Senegal, Guinea (Conakry) and Somalia are also illustrations of an overwhelming Islamic majority presence.

Nigeria, sometimes dubbed Africa's, 'emerging superpower', is in a class by itself and deserves especial mention because of its size and potential. Nigeria is by far the largest African country with a population which makes one out of every four black Africans a Nigerian. Like most African countries Nigeria basically has three religious systems operating concurrently, sometimes with shifting levels of admixture: Islam, Christianity and traditional religion and morality. In the case of Nigeria, if one only compared the number of Muslims to that of the Christians, the Muslims would clearly outnumber the Christians. What is not clear, however (because of a lack of reliable data) is whether the Muslims would also outnumber the sum total of Christians and believers in traditional religions combined. Whenever Nigeria has been under civilian rule, with a government chosen through the electoral process, the pinnacle of governmental power has been in Muslim hands so far. Both Sir Abubaker Tafawa Balewa and Al Haji Shehu Shagari were Muslims. In 1981, 100,000 Nigerian Muslims made the pilgrimage to Mecca, the biggest contingent from any Muslim country.

Tanzania may have a plurality of Muslims over Christians but this country is ruled by a Christian president, President Julius K Nyerere. Ethiopia's population may be half Muslim and half Christian, though centuries of a Christian theocracy have made Muslims a functional minority if not a numerical one.

The remaining black African countries including the Ivory Coast, Ghana, Uganda and Kenya have Muslim minorities.

Islam has been the least effective in southern Africa where countries like Angola, Zimbabwe and the Republic of South Africa have almost

no indigeneous Muslims, though there are immigrant Muslims in some of these countries from South Asia and Southeast Asia. Indian and Malay labourers imported into Natal and the Cape were partly Muslim; and according to some estimates not more than 5,000 Africans in the Republic of South Africa are Muslims.

Nearly all African Muslims are *Sunni*, following 'custom', tradition and law as laid down by past schools of law. In Ethiopia, Somalia and much of East Africa the *Shafii* school rules. In West Africa, Sudan and Eritrea the *Maliki* school of law is followed. Most Arab Africans are of course *Sunni*. The *Shafii* school predominates in Egypt while the *Maliki* is very strong in North Africa and Sudan. Apart from the above there are relatively minute groups of *Shi'a* Muslims ('followers' of Ali) mainly from the Indian subcontinent (India, Pakistan, Bangladesh) and found in East Africa, but their numbers are diminishing as a consequence of stricter immigration policies. Some of these are *Khojas* (Ismaili) who follow the Aga Khan.

### **The Islamic Factor in African-Arab Relations**

Although the Islamic factor in African-Arab relations has to some extent been a facilitator of political cooperation between Africans and Arabs, we hope to demonstrate that the impact of Islam has in fact been dialectical—both unifying and divisive. It would be rash to overplay the Islamic component in African-Arab relations but no investigation can hope to be thorough and complete without being aware of this religious aspect. In what ways then has Islam enhanced African-Arab political cooperation? It is to this question that we now turn.

Islam has enhanced African-Arab political cooperation partly through pilgrimages undertaken by African heads of state and government ministers which provided the opportunity to visit Arab states. J S Trimingham has suggested that the political aspect became more important to them and the pilgrimage was sometimes omitted as less significant in a world of changing values.<sup>12</sup> The point to grasp however is that the pilgrimage to Mecca and Medina has been an occasion for the interaction of African-Arab elites bringing them closer than would otherwise have been the case.

Secondly, the Middle East conflict and the residual problems of decolonisation in Southern Africa have been areas of African-Arab mutual diplomatic support and cooperation and these problems have

<sup>12</sup> J S Trimingham, *The Influence of Islam Upon Africa*, London and New York: Longman, 1980, p 118.

sometimes been discussed in Islamic contexts. This requires further elaboration.

The first post-June 1967 Middle East War conference of the Organisation of the Islamic Conference was held on the African continent in the capital of Morocco, Rabat (22–25 September 1969). It was attended by twenty-five states of which thirteen were from the African continent (Algeria, Chad, Egypt, Guinea, Libya, Mali, Mauritania, Morocco, Niger, Senegal, Somalia, Sudan, and Tunisia). The other twelve States were all from the Asian continent, mainly from the Near East (or Middle East). 'Mainly' because eight of these twelve States are indeed Middle Eastern in the usual sense (Iran, Jordan, Saudi Arabia, Kuwait, Lebanon, Southern Yemen, Turkey, Yemen Arab Republic). Throughout its life the Organisation has been basically an Afro-Arab phenomenon (reflecting the Afro-Asian thrust of the religion as already mentioned).

The Rabat conference passed a resolution which expressed deep concern about the 'prolonged military occupation by Israel of the Arab territories since the aggression of June 1967, and of Israel's refusal to take the least notice of appeals by the Security Council and the UN General Assembly demanding the restoration of the status of the holy city of Jerusalem.'<sup>13</sup> In comparison to subsequent resolutions the Morocco resolution was, on balance, mild. Libya, for one, did not make much progress in selling the idea of a complete Muslim boycott of Israel in both political and economic relations. Even Sekou Touré's Guinea, despite the fact that it was the only black African country to sever diplomatic ties with Israel over the June 1967 war was at the time not ready to go to the extent of administering comprehensive political and economic sanctions against Israel.

The Rabat summit was followed by an Islamic Foreign Ministers meeting in Jeddah, Saudi Arabia (24–27 March 1970). It was attended by the same thirteen states of Africa. The Foreign Ministers reaffirmed the rights of the Palestinians to regain a homeland, and called upon all Muslim nations to support the Palestinian people politically, morally and financially.

The next meeting of Islamic Foreign Ministers reverted to Africa—it was held in Benghazi, Libya (24–27 March 1973) and was attended by 28 states. This was the second meeting at the Foreign Ministers' level and three interrelated resolutions were then passed: (a) support for the

<sup>13</sup> Vaniti Sabiki, 'Quarterly Chronicle—August/November'. *Africa Quarterly* 9(3) October–December 1969, pp 13–16

Eritrean Liberation Front; (b) denunciation of the Zionist danger in the Red Sea—which Israel was trying to dominate politically and militarily—and the facilities it placed at the disposal of Ethiopia; and (c) support for African liberation movements and a vigorous condemnation of Portugal and other European countries still maintaining a colonial presence in Africa, as well as the forces of racial segregation in South Africa, Zimbabwe and Namibia.

The future of Eritrea has sometimes been a source of stress in African-Arab relations partly because the conflict has been erroneously labelled 'religious'. The Eritreans have struggled for autonomy for a longer period than the Southern Sudanese. In Arab Africa, Libya has had fluctuating spells in its relations with the Eritreans. However, on the whole there has been some caution in dealing with the Eritrean question among the Arab-Africans partly because of the realisation that black Africa has been converted to the sanctity of the European-drawn borders and it is nightmarish for the continent to even contemplate redrawing them. The Asian-Arabs have however been more forthcoming to the Eritreans on the grounds of religious solidarity.

Eritrea, the Sudan and Chad present three contiguous territories of separatist conflicts that have been labelled 'religious'. In Chad, towards the end of 1960 the newly-formed government of François Tombalbaye, labelled 'Christian' for want of another definition, had to face a 'Muslim' revolt in the northern part of its territory supported by Libya and Sudan, against a 'Christian' threat. Today, in the 1980s, the Chadian problem remains unresolved with the main combatants both northerners and both Muslim. President Hissène Habré is now being supported and maintained in power by the French, the Americans, the Egyptians and the Sudanese. His chief opponent, co-religionist and fellow northerner, Goukouni Oueddei, is being supported by Libya. The Islamic factor is thus decidedly irrelevant both in explaining the causes of the Chadian morass, and in prescribing solutions to it.

The conflict that raged in the neighbouring Sudan for seventeen years (1955–72) and which now shows partial prospects of potential resurrection was to some extent the opposite of the Chadian problem. In the Sudan the secessionists were black Africans living in Sudan's southern territories, still mainly believers in traditional religions but among them (especially among the elites) were some Christians who could draw on Christian support far beyond their confines. In reality, the revolt of 1955 arose because the southerners felt they had been betrayed by the British. They had received no firm guarantee against being dominated

by the northern Muslims. The non-Muslim bid to secede from the Sudan has failed, but autonomy has been obtained for the south.

The Solomonid monarchy of Ethiopia which had been given an imperialist role by Menelik II at the end of the nineteenth century provides examples of so-called 'religious' conflicts. Eritrea, which had become self-governing, had been brought under the sovereignty of Haile Selassie because part of it was within the original Christian Abyssinia. The inhabitants, who are mainly Muslims, have for over twenty years been fighting to govern themselves, not necessarily to create an Islamic state. Eritrea is no Pakistan. However the protracted war has resulted in tension between Muslims and non-Muslims and between blacks and Arabs though, as indicated, the Arab Africans have tended to be cautious in dealing with this problem. Somalia which became independent in 1960, made an attempt in 1976 to incorporate by force the Somalis in the Ogaden region of Ethiopia. The Somalis are wholly Muslims and on becoming a member-state of the Arab League, Somalia expected more Arab support for its territorial claims on its neighbours. But the Arabs have been uneasy and aware of the political and diplomatic risks and costs of redrawing Africa's borders in a manner preferred by the Somalis.

In re-examining the Organisation of the Islamic Conference it is worth noting that of the thirteen OAU states participating in it by 1973, eight were members of the League of Arab States with predominantly Muslim populations, with the possible exception of the Sudan with its basically traditionalist/Christian-led south.<sup>14</sup> With regard to the other five, Guinea and Mali were generally radical and pro-Arab. On the whole it was those Africans who were left-of-centre ideologically who first embraced the Arab Africans as fellow-Africans and disregarded the Sahara as a divide between Arab Africa and black Africa. It was also the same radical Africans who first sympathised with the Arabs in the Middle East conflict and supported the Palestinian cause. By contrast, the conservative, right-of-centre Africans were rather slow in rallying behind the Arabs and were in fact last in the dramatic trend of breaking diplomatic ties with Israel—a trend that reached its climax in 1973. Of the countries mentioned above, Chad and Niger were conservative in 1967, with Senegal somewhat in between. It is worth noting that by the

<sup>14</sup> The Second Islamic Conference of Heads of State and Government was held in Lahore, Pakistan, from 22–24 February 1974 with eighteen African countries participating. In addition to the thirteen listed in the text the following five joined the movement: Gabon, The Gambia, Guinea-Bissau, Sierra Leone and Uganda.

end of 1971, all three had cultivated overt pro-Arab policies on the Arab-Israeli conflict. The Islamic contexts in which these states sometimes operated helped to sensitise them and to speed up their decision to support the Arabs. Likewise the Arab states also were sensitised to black African causes much sooner, partly through forums like the Organisation of the Islamic Conference. It is true that Israel's close and warm relations with black Africa's 'arch-enemies, especially the Republic of South Africa, white-ruled Rhodesia (Zimbabwe) and Portugal (before the disintegration of the Portuguese empire in 1974), were likely to alienate black Africans in any case, but the point to bear in mind is that among the subsidiary factors at play must be included the Islamic component especially when it was organised into periodic conferences and consultations in which Africans and Arabs interacted and discovered that they needed each other's support diplomatically and politically.

In the modern period, therefore, the religious dimension of Islam has not been a divisive factor in African-Arab relations. As already indicated, African countries like Nigeria, Niger, Mali, Senegal, the Comoros and Guinea have Muslim majorities, while half a dozen more have substantial Muslim populations. A number of these countries—which are not tied to the Arab League—are members of the Organisation of the Islamic Conference. Four African countries (Morocco, Sudan, the Comoros and Senegal) were elected to a committee to elaborate an 'Economic Strategy for Islam' at the Islamic Summit held in Taif (Saudi Arabia) in January 1981. The late President Ahmed Sekou Touré of Guinea was elected as one of the Islamic team of mediators in the Iran-Iraq war.

Nevertheless, many African governments—especially in West Africa—showed alarm in 1980 and early 1981 when Libya's leader, Colonel Qaddafi, intervened militarily in Chad and announced the intention of merging the two countries. This concern focused not only on Qaddafi's intervention in Chad, but was also concerned with the 'Islamic Legion' he was alleged to be mobilising, as well as alleged political subversion in a number of West African countries, and his attempts to justify his actions on the basis of Muslim-Arab affinities between the peoples of the Sahel and Libya.

Thus, in his speech to the Arab People's Congress in Tripoli on 20 January 1981, Qaddafi observed:

There is a very old historical interaction between Libyan and Chadian peoples and between the Chadian people and the Arab nation . . . There is a large proportion of

Arabs among the Chadian people. Eastern and southeastern Chad is entirely Arab and a large section of the Chadian people are Arab by origin and race, while the overwhelming number are Muslim, and Arab culture is the prevailing culture in Chad. The Chadian people have a specificity very different from all Black African peoples.<sup>15</sup>

Quite apart from the questionable historic accuracy of his description, Qaddafi's statement that the majority of Chadians are Muslims or that Arab culture prevails over the country is probably an exaggeration. The great majority of Chadians are black Africans of the Sarh tribe, who are believers in traditional religious tendencies though some of their leaders are Christian.

Sudan's Minister of State for Foreign Affairs, Muhamad Mubarak, described Libya's intervention in Chad as likely to have 'dangerous repercussions harmful to Afro-Arab solidarity'. But the real depth of this concern was revealed in the speech delivered by Colonel Seyni Kountché, President of Niger, during the Islamic summit in Taif in January 1981. After welcoming the 'Islamic revival', he added:

The spread of Islam into Black Africa has become a natural fact which no pocket of animism has been able to withstand. It is as if an invisible hand is guiding the steps of our religion through the forests and plains after it had conquered the savannah and the Sahel.<sup>16</sup>

He then continued with an allusion to Qaddafi, without mentioning him by name:

It is impossible to understand the exaggerated enthusiasm of some of those propagators of the Faith who are unable to control their taste for conquest. . . . They are the prophets of evil, for their intolerance, their radicalism and their intransigence are foreign to Islam. There is manipulation of the Palestinian cause which has just become a game of chess for certain ends that are difficult for those outside the Arab political problems to understand. . . . Some false prophets are rearing their ugly heads . . . they question even the sacred principles of the Holy Koran. . . . This creates difficult problems that go beyond religious considerations alone, and even attack the very foundations on which society is based. For young, weak and defenceless nations that have only recently attained their independence, these social troubles are obviously of extreme gravity. . . . It is peace we need, not slogans based on concepts that have nothing to do with Islamic thought. . . . In this regard we sincerely deplore the behaviour of a certain Head of State in our region who continues to indulge in activities lacking all wisdom under the cover of a faith of Islamic foundations, which we end up by doubting. Rather, we see a man who has become a prisoner of a hegemonic vision that undermines the very existence of our region. . . . We are trying not to consider the abominably racist nature of his dream, by which he makes a shameless call on some ethnic groups of Semitic origin in some of our States to join, according to well-known process, a so-called Islamic Legion to crush us.

<sup>15</sup> Cited in Colin Legum (ed) *Africa Contemporary Record: annual survey and documents 1980-81* vol. 13, New York and London: Africana Publishing Company, 1981, p A 114.

<sup>16</sup> *ibid.*

Hate for one of the components of world imperialism is no justification for such an effort to destabilise young African states, especially the more Islamic ones.<sup>17</sup>

Although OAU members are overwhelmingly opposed to Eritreans' demand for their separate independence and to Somalia's claims in the Ogaden province of Ethiopia, the Taif summit gave its support to both these causes, showing—perhaps not surprisingly—the weight of influence given to the viewpoints of Muslim nations in exclusively Islamic gatherings. The Eritrean cause is by no means a Muslim struggle; nor is that of the Ogadeni Somalis. Nevertheless, it is possible to play on Muslim sentiments to mobilise support from Islamic nations. What the Taif summit clearly demonstrated was the growth of the new centre of Muslim power in Third World affairs. The Taif decisions produced a predictably strong protest from Ethiopia; but Ethiopia preferred to treat the adverse result to itself as 'interference in its internal affairs'; 'a hostile act instigated by imperialism and reaction against Ethiopia's revolution'; and as a 'Somali-instigated move.' What this characteristic response of the present regime in Ethiopia ignored is the much wider implications of the growth of the Islamic factor within the framework of Third World organisations more broadly, but within the African-Arab equation more specifically.

### Conclusion

Islam has provided an important link between the Africans and Arabs. The religion is basically an Afro-Asian faith since the majority of Muslim peoples and nations are to be found either in Africa or Asia though there are individual Muslims elsewhere on the globe. Both Africa and the Arab world are part of the underprivileged world or Third World. Both Africans and Arabs were once subjected to European colonisation or domination.

In the modern period Africans and Arabs have cooperated politically, especially with regard to the issue of decolonisation in black Africa and the Middle East conflict between the Arabs and the Israelis. This cooperation has been partly enhanced and facilitated by the periodic meetings of the Organisation of the Islamic Conference and partly through the Islamic pilgrimage to Mecca and Medina. However, Islam has also been a potential source of stress in African-Arab relations, particularly with regard to the Chadian, Eritrean, and Ogadeni conflicts.

<sup>17</sup> *ibid.*, pp A 114-5.



Islam continues to expand in Black Africa and it will continue to draw the black Africans closer to the Arabs although it will sometimes be a source of tension in African-Arab relations.

## The Debt Crisis and North-South Relations

On 20 August 1982, Mexico announced its intention to reschedule payments on the principal of almost \$20 billion of its public sector debt, owed to about 1,400 foreign commercial banks. By the end of 1982, thirty-five countries were in arrears or in default in their debt payments, and a record number of debt renegotiations were under way.<sup>1</sup> In 1982 and 1983, the World Bank reports, 'almost as many developing countries have had to reschedule loans . . . as in the previous twenty-five years'.<sup>2</sup>

The debt crisis has penetrated and shaken popular consciousness in the West as few other events in the Third World before. It is the first North-South issue to do so which has not been pressed into the East-West mould. Yet the vast bulk of commentary in the North has concerned itself with the question of whether the international financial system—and hence the solvency of the major commercial banks—is likely to collapse. For the Third World, the impact of the crisis has been more immediate. The debt crisis has represented a deep crisis in Third World development and a watershed in North-South relations. It has resulted in the closing off of options and a new level of disciplinary power of Northern-dominated international institutions.

Over a decade before the current debt crisis, a variety of dependency theorists explored the ways in which the International Monetary Fund, the development agencies such as the World Bank and the US Agency for International Development, and the private banks were shaping the destinies of Third World countries. With titles such as *Aid as Imperialism*, *The Debt Trap*, and 'Privatisation' and 'Domination by Debt', these works extended dependency insights to the realm of external financing.<sup>3</sup> Subsequently, these interpretations were incorporated into the world systems perspective.<sup>4</sup>

<sup>1</sup> 'Payments Arrears Incurred by Fund Members More than Doubled in 1982, Study Reports', *IMF Survey*, 8 August 1983, p 231.

<sup>2</sup> World Bank, *Annual Report 1983*, p 34.

<sup>3</sup> Teresa Hayter, *Aid as Imperialism*, Harmondsworth: Penguin, 1971; Cheryl Payer, *The Debt Trap: the International Monetary Fund and the Third World*, New York: Monthly Review, 1974; Barbara Stallings, 'Privatisation and the Public Debt: US banks in Peru', and Julian Martel, 'Domination by Debt: finance capital in Argentina', *NACLA Report on the Americas* 12(4) 1978, pp 2–19, 20–38.

<sup>4</sup> For the development of world systems theory, see Daniel Chirot and Thomas D Hall,

In recent years, the dependency and world systems perspectives have come under increasing attack. Ironically, the most strident attacks have come from a sector of the Marxist left, which originally nurtured both perspectives. Orthodox Marxist critics have alleged that dependency and world systems perspectives have overemphasised the external determination of Third World societies, neglected the study of domestic class and political forces, and unduly dismissed the possibility of capitalist industrialisation.<sup>5</sup> A recent editorial in the *Journal of Contemporary Asia*, which originally played an important role in extending Latin American dependency theory to Asia, goes so far as to conclude that 'the impact of world systems analysis and dependency theory has largely been negative and has left a vacuum which the socialist forces need to fill with a better research programme.'<sup>6</sup>

Dependency and world systems theorists, while rejecting the caricature of their position found in some of these critiques, have acknowledged weaknesses in their original formulations, particularly, in Dale Johnson's words, 'two very real shortcomings of the dependency perspective: its underemphasis on class analysis and its overemphasis on external determination.'<sup>7</sup> The issue is whether the necessary modifications and extensions can be made within the basic framework pioneered by dependency and world systems theorists. This brief article cannot resolve that issue. Nonetheless, the events of the past two years should warn us against tipping the conceptual balance too far away from recognising the causal force of external factors. Third World countries with widely differing domestic class and political structures have found themselves caught up in a common debt crisis, with many similar ramifications. While we should be sensitive to the ways varying domestic forces and institutions shape varying responses to this crisis, we should not underestimate the power of the shared external environment with which all Third World countries must contend.

<sup>5</sup> 'World-Systems Theory', *Annual Review of Sociology* (8) 1982, pp 81-106. Foreign aid is viewed from a world systems perspective in Robert E Wood, 'Foreign Aid and the Capitalist State in Underdeveloped Countries', *Politics and Society* 10(1) 1980, pp 1-34.

<sup>6</sup> For a sampling of the debate, see Ronald H Chilcote (ed), *Dependency and Marxism: toward a resolution of the debate*, Boulder: Westview Press, 1982; Ronald H Chilcote and Dale Johnson (eds), *Theories of Development: mode of production or dependency?*, Beverly Hills: Sage Publications, 1983; P Limqueco and B McFarlane (eds), *Neo-Marxist Theories of Underdevelopment*, London: Croom Helm, 1983; and James H Weaver and Marguerite Berger, 'The Marxist Critique of Dependency Theory: an introduction' in *The Political Economy of Development and Underdevelopment*, (3rd edn) Charles K Wilber (ed), New York: Random House, 1984, pp 45-64.

<sup>7</sup> 'Editorial: Social Change in Asia and the Crisis of Development Studies', *Journal of Contemporary Asia* 13(1) 1983, p 4.

<sup>8</sup> Dale L Johnson, 'Class Analysis and Dependency' in Chilcote and Johnson, *op. cit.*, pp 232-3.

This article looks at the major international manifestations of the debt crisis to date. There are undoubtedly many more—some obscured from public view by secret agreement among the parties, some evolving out of view in the changing relations between social and political forces. But there can be little question that the debt crisis has marked an important turning point in the international and domestic circumstances of Third World societies.

### **The Renewed Centrality of the IMF**

Perhaps the most visible and publicised political consequence of the debt crisis has been the increased role of the International Monetary Fund. The Fund's importance has had less to do with the absolute level of its lending, which has been quite modest in most cases, than with the fact that both official and private creditors have practically always demanded agreement with the Fund, generally in the form of a Standby Agreement, prior to the renegotiation of debt. Since the fall of 1982, about thirty countries have concluded or are currently negotiating rescheduling agreements.

A historical perspective is important here. During the 1970s, the combination of a rapidly expanding Eurocurrency market, low levels of demand in the generally stagnating industrial economies, and a series of innovations in lending techniques led to an enormous expansion of commercial bank lending to Third World countries.<sup>8</sup> For a time, in fact, inflation and rising commodity prices made the real interest rates of these loans negative, and for a brief period they were even lower than World Bank loans.<sup>9</sup> In this situation, as the Inter-American Development Bank put it disapprovingly, 'low real interest rates made indebtedness much more attractive than direct investment.'<sup>10</sup> Almost everywhere, the share of investment accounted for by foreign private

<sup>8</sup> The literature on this subject is rapidly expanding. See, for example, Jonathan D Aronson (ed), *Debt and the Less Developed Countries*, Boulder: Westview Press, 1979; Benjamin J Cohen, with Fabio Basagni, *Banks and the Balance of Payments*, London: Croom Helm, 1981; Lawrence G Franko and Marilyn J Seiber (eds), *Developing Country Debt*, New York: Pergamon Press, 1979; David Gisselquist, *The Political Economics of International Bank Lending*, New York: Praeger, 1981; Eugene Versluysen, *The Political Economy of International Finance*, New York: St Martin's Press, 1981.

<sup>9</sup> In 1976 and 1977, Euromarket loans to LDCs averaged 7.38 per cent and 7.64 per cent, while IBRD loans were 8.85 per cent and 8.20 per cent. IBRD loans, however, carried longer grace periods and maturities. See Barbara Stallings, 'Euromarkets, Third World Countries and the International Political Economy' in Harry Makler, Alberto Martinelli and Neil Smelser (eds), *The New International Economy*, Beverly Hills: Sage Publications, 1982, p 209; and World Bank, *Annual Report*, 1976 and 1977.

<sup>10</sup> Inter-American Development Bank, *Economic and Social Progress in Latin America: 1982 Report*, p 58.

capital declined. The International Finance Corporation complained in its 1981 *Annual Report* that the 'apparent low cost of private international borrowing undoubtedly contributed to the relative stagnation of net private direct investment flows to the developing countries during the 1970s', and speculated that the availability of such loans 'may have led developing countries to adopt a less welcoming policy towards direct (foreign) investors'.<sup>11</sup>

In addition, the availability of commercial loans at low real rates enabled a number of Third World countries to avoid the traditional strictures on development policies imposed by the World Bank and the IMF. The Development Assistance Committee, comprising the major advanced capitalist countries, stated in its 1979 annual report that: a vicious circle has developed in that some developing countries have tried to avoid the onerous Fund conditions (especially in higher credit *tranches*) by first exhausting their recourse to private bank lending. . . . Ample alternative private bank financing has thus tended to weaken the role of the IMF, and a major part of its resources remain idle.<sup>12</sup>

What a contrast this complaint is with the situation in the autumn of 1983, when the IMF reported that it expected by the end of the year to have made loan commitments exceeding by \$6.3 billion its capital on hand.<sup>13</sup> Gross purchases by developing countries jumped from \$2.8 billion in 1979 to \$6 billion in 1980, and then \$8.4 billion and \$8 billion in 1981 and 1982. Gross purchases in 1983 rose 70 per cent to \$13.2 billion.<sup>14</sup>

It is not these record levels *per se* that indicate the IMF's renewed centrality, but its ability to impose what it calls 'conditionality' on its borrowers—wide-ranging policy changes with concrete performance tests, upon which continued disbursements are contingent. As a proportion of all IMF lending, conditional commitments have increased from less than one-third in 1973–4 to an extraordinary 96 per cent in September 1983.<sup>15</sup> At the end of 1983, 43 countries were covered by high conditionality agreements with the IMF, compared to 31 a year earlier. In this context, the Fund's Managing Director proudly reported in early 1984 that: 'Adjustment is now virtually universal. . . . Never

<sup>11</sup> International Finance Corporation, *Annual Report 1981*, p. 12.

<sup>12</sup> Organisation for Economic Cooperation and Development, *Development Cooperation: efforts and policies of the members of the development assistance committee, 1979 Review*, Paris: OECD, 1979, p. 96.

<sup>13</sup> Statement by J de Larosière, *IMF Survey*, 10 October 1983, p. 310.

<sup>14</sup> 'Purchases from Fund by Member Countries Total SDR 7 Billion in January–June 1983', *IMF Survey*, 25 July 1983, p. 209; 'Use of Fund's Resources Totals SDR 12.6 Billion', *IMF Survey*, 6 February 1984, p. 33.

<sup>15</sup> 'Fund Loans and Drawings Well Above Year Earlier', *IMF Survey*, 7 November 1983, p. 351.

before has there been such an extensive yet convergent adjustment effort'.<sup>16</sup> For those critics who argue that IMF prescriptions impart a deflationary bias to the world economy, such universality of 'adjustment' constitutes precisely the problem.

Relative to its low profile in the 1970s, bankers have welcomed what one refers to as the 'IMF's triumphant return' in the 1980s.<sup>17</sup> While it is a gross exaggeration to suggest that the IMF ever went away, there is no question that its role has become more central than ever. Since the Mexican crisis, the IMF no longer simply draws up Standby Agreements, but, as a *Euromoney* article puts it, is:

now orchestrating the activities of commercial banks and other providers of cash, while itself getting involved in countries on a longer-term basis. . . . There has never been tighter collaboration between the Fund, the governments and central banks of the industrial countries and the commercial banks.<sup>18</sup>

### The Reorientation of Development Aid

Agreement with the IMF, the Managing Director of the Fund is fond of saying, 'unlocks' access to other sources of external financing.<sup>19</sup> By linking an increasing proportion of both bilateral and multilateral development aid to the IMF, the debt crisis has acted to reduce drastically the room for manoeuvre of aid recipients.

In addition, the aid programmes themselves have been restructured. This is particularly the case for the World Bank. As the debt crisis has developed, the World Bank has moved in several ways to increase the conditionality of its aid. The main way has been the creation of structural adjustment lending, explicitly designed to foster wide-ranging structural and policy reforms within recipient countries. This has been supplemented recently with the Bank's Special Action Programme, providing speeded up disbursements contingent on 'programmes of policy reform'.<sup>20</sup> According to two Overseas Development Institute economists, World Bank conditionality 'is arguably more demanding than the Fund's', and probably more politically tolerable.<sup>21</sup>

<sup>16</sup> J de Larosière, 'Adjustment Programmes Supported by the Fund: their logic, objectives, and results in the light of recent experience', *IMF Survey*, 6 February 1984, p 46.

<sup>17</sup> Peter Leslie, 'Techniques of Rescheduling: the latest lessons', *The Banker* 133(686) 1983, p 24.

<sup>18</sup> Peter Field, David Shirreff and William Ollard, 'The IMF and Central Banks Flex Their Muscles', *Euromoney*, January 1983, p 35.

<sup>19</sup> See, for example, J de Larosière, 'The IMF and the Developing Countries', *IMF Survey*, 7 March 1983, p 74.

<sup>20</sup> 'A Special Action Programme for Developing Countries Is Set Up by World Bank', *IMF Survey*, 7 March 1983, pp 77-8; see also 'The Bank's Special Action Programme', *Finance and Development* 20(2) 1983, pp 14-15.

<sup>21</sup> Tony Killick and Mary Sutton, 'An Overview' in *Adjustment and Financing in the Developing World: the role of the International Monetary Fund*, Tony Killick (ed), Washington DC: IMF, 1982, p 37.

Since the basic philosophies of the World Bank and the IMF are virtually identical, the issues involved in World Bank conditionality are similar to those commonly put forward with respect to the Fund. However, to the extent that the World Bank began to pioneer a somewhat new lending approach during the 1970s, under the rubric of 'meeting basic needs,' the strengthened Bank focus on structural adjustment may herald a weakening of the limited but real initiatives it undertook during this period.<sup>22</sup> An internal 1983 World Bank study of the Bank's efforts at poverty alleviation concludes, with respect to 'macroeconomic policy dialogue':

Poverty issues have seldom featured significantly in such dialogues, and the analysis of structural adjustment programmes has rarely considered who will carry the heaviest burdens of adjustment. . . . The Bank has often failed to raise, at the highest levels, politically sensitive issues of the impact that efficiency adjustments have on poverty. Seldom have poverty and related questions been discussed directly and in depth at Bank-led consortia and consultative groups.<sup>23</sup>

A separate internal analysis of the Bank's early experience with structural adjustment lending takes a slightly more positive view, but still admits that adjustment programmes generally involve 'reduced disposable incomes' and concludes: 'The Bank, therefore, has been concerned to ensure that in designing structural-adjustment programmes, their impact on the poorest members of society and on programmes of basic needs and human-resource development are minimised'.<sup>24</sup> Elsewhere, the Bank asserts that structural adjustment programmes 'will consider, as far as possible, how the burdens of adjustment are shared among income groups, and how adverse effects on the poor, for example, through increased unemployment, higher prices of basic goods, or higher taxes, can be mitigated'.<sup>25</sup> The language of 'minimising' and 'mitigating' the impact of Bank conditionality suggests that at best such conditionality can be only slightly harmful for the poor; there has been no serious effort to build basic needs goals into conditionality itself, in a way to 'maximise' the (positive) impact.

There is certainly room for debate about how much real effect all the talk about basic needs in the 1970s really had on the allocation and use

<sup>22</sup> For sympathetic accounts which argue that the basic needs approach has made a significant difference, see Robert L. Ayres, *Banking on the Poor: the World Bank and world poverty*, Cambridge: MIT Press, 1983; and Bettina S. Hurni, *The Lending Policy of the World Bank in the 1970s: analysis and evaluation*, Boulder: Westview Press, 1980. For a critical view that suggests that the new-style projects may be even worse for the poor than the old ones, see Cheryl Payer, *The World Bank, a critical analysis*, New York: Monthly Review, 1982.

<sup>23</sup> World Bank, *Focus on Poverty*, Washington, DC, 1983, p. 28.

<sup>24</sup> World Bank, *Annual Report 1982*, pp. 40-41.

<sup>25</sup> *ibid.*, p. 37.

of development aid. To the extent that new initiatives were taken, however, there is strong evidence that the concerns brought to the fore by the debt crisis have increasingly related basic needs to ritualistic declarations. The same fate appears to apply to related concerns about the impact of development projects on women.

### **Debt Renegotiations and New International Norms**

In addition to the standard panoply of IMF and World Bank conditionality, the thirty or so agreements negotiated between Third World debtors and either official or commercial creditors have imposed a number of new international norms which have important social and political implications.

One such norm involves the responsibility of central governments for the debts of all state enterprises, regardless of the circumstances under which debt was contracted. In a number of countries, these enterprises were able to borrow abroad with minimal central government supervision, and the loan agreements with them were not officially guaranteed by the central government. The first major case which established the norm on a provisional basis was the renegotiation of the debt of the Indonesian oil company, Pertamina, in 1975–6. Under great pressure from the United States, Indonesia eventually announced that it would honour all of Pertamina's debts, even those run up after both the US government and the IMF had urged banks to cease lending to the problem-ridden company. The norm was consolidated in the 1982–3 reschedulings, where a considerable proportion of the debt had been to similar state enterprises in Mexico, Brazil, and elsewhere. The most striking case has involved Yugoslavia. Yugoslav law explicitly releases the central government from responsibility for foreign debts of enterprises or the central banks of the country's constituent republics. *The Banker* reports:

Prime Minister Milka Planic had at first balked at Western demands that the federal government and national bank should guarantee the loans—which were negotiated with regional banks who, according to Yugoslav law, are therefore solely responsible for this repayment. . . . Ultimately, however, the government had little choice but to accept the terms.<sup>26</sup>

Consolidation of the norm locating full responsibility for debts of all public enterprises on the central government means that bank loans to such enterprises are not dependent on the solvency of the enterprises or projects, but carry the unconditional backing of the entire government.

<sup>26</sup> 'East European Debt: turning the screw', *The Banker* 133(689) 1983, p 77.



A second new international norm involves the responsibility of Third World governments for the debts of *private* enterprises in their countries. Official lending to private enterprises, by the World Bank and USAID, for example, has almost always carried a government guarantee, except in the case of the International Finance Corporation. Commercial bank loans to the private sector have generally not had such guarantees, however. Nonetheless, as the debt crisis of 1982–3 became increasingly serious, the banks began to insist that debtor governments assume responsibility for private sector debt in addition to public sector debt. The Third World countries resisted, but found progress on renegotiating public debt contingent on accommodation on this issue.

The two most important cases to date have been Mexico and Chile. With respect to the former, a *Euromoney* account entitled, 'The Mexican Crisis Blurred the Lines Between Public and Private Sector Debt', states:

After Mexico, banks will not only be more cautious; they will be less willing to distinguish between public and private sector loans. In the past six months of negotiations, the \$14 billion debt of the Mexican private sector became the issue upon which all else depended.

Since companies—even healthy ones—relied on the central bank for dollars to service their loans, and were unable to obtain any, their debt became the equivalent of poor quality public sector debt. The public sector debtors, meanwhile, were allotted dollars to keep interest payments current. And in the financial rescue package which has not taken shape, private sector debt is effectively lumped into the overall rescheduling of the country's debt.<sup>27</sup>

In the case of Mexico, the agreement stops short of a formal government guarantee of private sector debt, but it does include detailed provisions to guarantee foreign exchange to private enterprises in order to service their foreign debts. The agreement involves an unprecedented degree of external influence in defining the relationship between the Mexican public and private sectors.

In Chile, where over half of total debt is held by the private sector, the banks successfully held out for a formal guarantee. After initial resistance, the Chilean government informed its creditors in early May, 1983, that it would guarantee the foreign debt of its private sector. Although Argentina's military government did not reach agreement on rescheduling its debt in 1983, it too offered to assume responsibility for the private sector's external debt.

<sup>27</sup> Ian Pritchard, 'The Mexican Crisis Blurred the Lines Between Public and Private Sector Debt', *Euromoney*, March 1983, p 28.

Table 1: Terms of Renegotiated Debt and New Loans in 1983 and Average Terms of Commercial Loans in 1979 for Nine Latin American Borrowers

Country	Terms of Renegotiated Debt	Terms of New Loan	Average Terms, 1979
Argentina*	8.5 years (3 years grace) 2.125% over Libor	5 years 1.625% over Libor 1.125% front end fee 0.5% commitment fee	10 years (5 years grace) 0.625% over Libor 0.625% fee
Brazil	8 years (2.5 years grace) 2.5% over Libor 1.5% refinancing fee	8 years (2.5 years grace) 2.125% over Libor 1.5% front end fee 0.5% commitment fee	12 years (7 years grace) 0.75% over Libor 0.5% fee
Chile	8 years (4 years grace) 2.125% over Libor 1.25% refinancing fee	7 years (4 years grace) 2.25% over Libor 1.25% front end fee 0.5% commitment fee	10 years (2 years grace) 0.875% over Libor 0.625% fee
Costa Rica	8.5 years (3 years grace) 2.25% over Libor		10 years (4 years grace) 0.875% over Libor 0.625% fee

Country	Terms of Renegotiated Debt	Terms of New Loan	Average Terms, 1979
Cuba	8.5 years (3.5 years grace) 2.25% over Libor 1.25% refinancing fee		7 years (3 years grace) 1% over DM Libor 0.5% fee
Ecuador	8 years (2 years grace) 2.25% over Libor 1.25% refinancing fee	2.25% over Libor	10 years (5 years grace) 0.75% over Libor 0.5% fee
Mexico	8 years (4 years grace) 1.875% over Libor 1.25% refinancing fee	6 years (3 years grace) 2.25% over Libor 1.25% front end fee 0.5% commitment fee	10 years (4 years grace) 0.625% over Libor 0.5% fee
Peru	8 years (3 years grace) 2.25% over Libor	2.25% over Libor	8 years (3.5 years grace) 1.375% over Libor 0.625% fee
Uruguay	6 years (2 years grace) 2.25% over Libor	6 years (2 years grace) 2.25% over Libor	10 years (2 years grace) 0.875% over Libor 0.5% fee

\* Terms under discussion in early 1983.

Source: *South* (London) July 1983, p 63.

A third new norm involves the economic penalty imposed on the debtor for rescheduling debt. Official debt renegotiations in the past have generally softened the terms of aid, primarily by stretching out the period of repayment. Earlier private creditor debt renegotiations generally were more demanding, but they tended to refinance debt at comparable or, in a few instances, at slightly better terms than those at which the debt was originally contracted. In the 1982-3 renegotiations, however, the banks successfully insisted on a substantial hardening of the terms of their loans, even though, unlike official loans, these loans were already at floating interest rates. Table 1 provides information on how the terms of renegotiated debt substantially worsened for nine Latin American countries in 1983.

In 1983, refinancing fees and front-end fees on new loans alone for Mexico, Brazil, Chile, Ecuador and Cuba came to about \$560 million. A Group of 30 study concludes that on average 'restructured debt is yielding banks about 2 per cent more than the terms on which most of that debt was originally contracted'.<sup>28</sup> The study estimates that debt restructuring on the estimated \$90 billion debt of all rescheduling countries will yield an extra \$1.75 billion per year over what bank earnings would have been without restructuring.

This figure actually understates the profitability of rescheduling, since the international banks have used the debt crisis as an excuse for raising the spreads and fees on all new loans to Third World countries, whether they have debt servicing difficulties or not. Indeed, there is evidence that restructuring has proved so profitable that it has set the norm for new borrowing. According to one account, 'Bankers are extracting front-end fees of around 1.5 per cent for Latin American reschedulings, and have come to expect this level of profitability for the whole of the region'. The same author notes, in the case of Asian borrowers, that:

Recent Asean syndicated loans have met with cool receptions in the Euromarket and have not been easy to arrange, in spite of carrying higher spreads and shorter maturities. Knowing that these countries will have to come to the market for more funds soon, many bankers are waiting for loans offering them higher profits.<sup>29</sup>

In fact, there is evidence that at times banks have withheld new lending

<sup>28</sup> M S Mendelsohn, *Commercial Banks and the Restructuring of Cross-Border Debt*, New York: Group of Thirty, 1983, p 8.

<sup>29</sup> Luis Kaffman, 'Tarred With a Regional Brush', and 'Asean's Fallen Stars Woo Back the Bankers', *South* (London) May 1983, pp 70-71.

specifically to force debtor countries, e.g. Peru in 1983, to refinance existing debt on terms more attractive to the banks.<sup>30</sup>

Critics have pointed out that the hardened terms of restructured debt make future debt crises all the more likely. A look at the renegotiated debt servicing schedules supports that view. Mexico's revised amortisation schedule, for example, shows a jump from \$1.3 billion in amortisation payments in 1984 to \$9.7 billion in 1985. Payments drop to \$5.2 billion in 1986, but then leap to \$12.3 billion in 1987, remaining at the \$8-9 billion level in 1988 and 1989.<sup>31</sup> For the Third World as a whole, interest payments alone now surpass the cost of all oil imports.<sup>32</sup>

A fourth set of new norms involves altered relations between the banks and international institutions, and among the banks themselves. The new role of the Bank for International Settlements (BIS) in providing 'bridge financing' to tide the debtor over while agreement with the IMF is worked out is particularly important. In December 1983, the BIS announced that it was formally establishing a \$3.1 billion fund for the IMF to draw on regularly.<sup>33</sup> The commercial banks have moved to coordinate their activities through the establishment, in January 1983, of the Institute of International Finance. The increasing coordination among lenders contrasts sharply with the lenders' attitude towards coordination among debtors. According to an account of the Group of 77 summit in Buenos Aires in March 1983:

Private debt and rescheduling were the main topics of conversation outside the Buenos Aires conference hall. Inside, it was handled gingerly, particularly by the major Latin American debtors, who were under considerable pressure from the US, the EEC and the IMF/World Bank not to entertain any idea of a 'debtor's cartel', or even to exchange and coordinate information.<sup>34</sup>

This tough stance towards debtors was further evident in the implementation of the 1983 quota increase of the International Monetary Fund. Over the bitter opposition of the Third World, the United States succeeded in substituting for the existing maximum access policy of 150 per cent of quota for three years, a two-tiered system of 102 per cent and 125 per cent. While the full implications of this change will only emerge over time, several are immediately apparent. First, simple calculations show that under the 102 per cent access policy, 108

<sup>30</sup> Jonathan Cavanagh, 'The Dynamo Runs Down', *South* (London) May 1983, pp 67-8.

<sup>31</sup> *Business Week* (2807), 12 September 1982, p 34 A-N.

<sup>32</sup> Richard S Weinert, 'International Finance: banks and bankruptcy', *Foreign Policy* (50) Spring 1983, p 140.

<sup>33</sup> 'BIS Reaches Agreement on Financing For Fund', *IMF Survey*, 9 January 1984, p 1.

<sup>34</sup> L C Raghavan, 'The Buck Stops in Belgrade', *South* (London) June 1983, pp 25-6. (Emphasis added.)

of the Fund's 146 members will have access to less Fund financing than previously, despite their increased quotas.<sup>35</sup> Second, it appears that the two-tiered access policy is designed to create a new, higher, level of Fund conditionality. The Chairman of the Interim Committee of the Board of Governors has stated that the adoption of the two access limits 'is intended to be an incentive for countries to adopt serious adjustment policies', and an Interim Committee communiqué states that determination of the appropriate limit will be contingent 'on the seriousness of the balance of payments needs and the strength of the adjustment effort'.<sup>36</sup> Since access to the previous 150 per cent limit involved the highest level of IMF conditionality, these statements and the two-tiered system only make sense if a new, higher, level of conditionality is contemplated.

### The Debt Crisis and Third World Politics

The ability of the IMF, the aid institutions, and the banks to impose the kinds of conditions and norms discussed so far testifies to the weak position of Third World countries in the capitalist world economy. Most bankers and agency officials express, publicly at least, considerable optimism about the probability of default or repudiation or of any collapse of the international financial system.

Whether their optimism will stand the test of time depends in large measure on the political impact of the debt crisis within and among Third World countries. Bankers and officials have become increasingly aware of this. 'If you had asked me six months ago what one factor most likely will upset this already shaky debt-restructuring effort', a US banker told the *Wall Street Journal* in the autumn of 1983, 'I probably would have said a weak US economic recovery. Now I would say it is the internal politics in these countries'. Another banker and former US Assistant Secretary of State for Economic and Business Affairs observed: 'There are political forces that in many cases can be the Achilles' heel of working out the debt problem'.<sup>37</sup>

Analysis of these political forces lies beyond the scope of this article. But it is clear that these forces will be both shaped by and will respond to

<sup>35</sup> Clyde H Farnsworth, 'US Urging Curbs on Loans by IMF To Poor Countries', *New York Times*, 26 September 1983, p D5.

<sup>36</sup> 'De Clercq, de Larosière Respond to Questions on Access, Fund Finance', and 'Governors Discuss Fund Resource Adequacy and Reach Agreement on Members' Access', *IMF Survey*, 10 October 1983, pp 299, 296.

<sup>37</sup> Lawrence Rout and S Karene Witcher, 'Politics of Nations Are Intruding in Arena of International Debt', *Wall Street Journal* (New York) 10 October 1983, p 1.

the international developments described above. For a number of countries, the debt crisis has come at a time of gradual political liberalisation or crisis in authoritarian government. Whether the kinds of policies the IMF and the banks are imposing are compatible with continued political liberalisation is an open question. There is reason to believe that the kind of export-oriented strategy that the IMF and the World Bank favour necessitates a high level of political repression, to keep wages down and to provide the kind of 'stable investment climate' on which the multinational corporations insist.<sup>38</sup> On the other hand, the austerity demands being imposed on Third World societies are so devastating in their social consequences that it is unclear whether most governments can implement them without some form of a new 'social contract' with the rest of society—a contract almost surely to involve the expansion of political rights as the trade-off for economic concessions.

The capacity of new political forces to seek new solutions to the debt crisis and to the larger crisis of development will rest not only on domestic developments but on the way these articulate with each other internationally. The 'international organisation of Third World debt'<sup>39</sup> militates strongly against individual country default, repudiation, or bargaining success. Only some sort of debtors' cartel can hope to withstand the coercive power of that organisation. If the debt crisis provides impetus for new forms of Third World solidarity, this could turn out to be its most enduring and important legacy.

<sup>38</sup> For a case study linking World Bank/IMF policies with political repression, see Walden Bello, David Kinley and Elaine Elinson, *Development Debacle: the World Bank in the Philippines*, San Francisco: Institute for Food and Development Policy, 1982.

<sup>39</sup> Charles Lipson, 'The International Organisation of Third World Debt', *International Organisation* 35(4) 1981, pp 603–31.

## China's 'Open Door'

What was expected of socialist Third World countries used to be fairly clear, at least as far as their external economic relations were concerned. Since self-reliance implied a high degree of internal provisioning they were not expected to engage to any extent in foreign trade. Acceptance of loans, let alone capital investment, from abroad would create grave suspicions as to the integrity of the country's socialist leadership. To find such a country setting up export processing zones, sending labour and technicians abroad, inviting its expatriate capitalists to invest in the motherland, and joining the World Bank and IMF would be seen as indicating a fundamental change of direction! Not surprising, then, to find that China's changing policies in external trade and foreign economic relations have been sending shock-waves throughout the world.

But it should also be apparent that such expectations of what a socialist developing country should do were to a large extent created precisely by foreigners' perceptions of the Chinese example. This is especially true of the years of the Cultural Revolution (1966–76) during which self-reliance sometimes seemed to mean autarky (isolationism and self-sufficiency). But more generally, that upheaval focused a great deal of attention on the benefits for China of 'relying mainly on its own efforts'.<sup>1</sup> This combined neatly with the most common explanations as to why Third World countries are underdeveloped—that they suffered as colonies and remained subject to dependency after independence. If proponents of 'real development' from the South and their radical supporters in the West could see in China an alternative to dependency (and often capitalism *per se* into the bargain), then it ought to be expected that the post-Mao changes stimulate some deep rethinking of

<sup>1</sup> I do not intend to convey the impression here that the Cultural Revolution was a decade of heterogenous, unilinear policies. In regard to foreign trade, there was a significant upswing from 1972, which also involved acceptance of suppliers' credits and other forms of borrowings. For background to this, and an interpretation based on analysis of political struggles, see my chapter 'Foreign investment and trade: origins of the modernization policy' in S Feuchtwang and A Hussein (eds), *The Chinese Economic Reforms*, London 1983. It has been argued, with some validity, that the 1970s represent a period of relative continuity in foreign trade, less affected by political struggle and rhetoric. See A Volkoff, 'Self-reliance revisited: changes in Chinese attitudes towards economic relations with foreign countries', unpublished MPhil thesis, IDS, University of Sussex, 1981. She feels that observers have failed 'to distinguish what policies were, what they were said to be and what actually happened'.



both the explanatory power of dependency theory and the nature of socialism.

This article examines some of the problems created by China's Open Door policies in terms of dependency and socialism. It does so by emphasis on the political, economic and ideological concomitants of the new policies (rather than by cataloguing the new forms of foreign contacts and their size) and by examining the problems thrown up for the Chinese authorities themselves in proposing and justifying them. The following section considers the problems of political and ideological shifts, in the context of critics' arguments about the 'threat to socialism' posed by the Open Door and the questions raised about the dangers of dependency. This is followed by an analysis of two types of response to these arguments apparent in China—that the quantity of foreign trade and debt is small in relation to the total economy; and that political and economic safeguards against dependency and encroaching capitalism are adequate. Both types subsume another argument, that the Open Door creates a firmer basis for building socialism even if it does involve capitalist participation. It is suggested that these types of argument represent rather different responses by various factions of the Chinese authorities and intelligentsia.

### **Political and Ideological Problems Involved in Policy Shifts**

A great deal of the conflicts within China concerning the nature of foreign economic policy focuses on differing interpretations of the term 'self-reliance'. To put this another way, different factions and groups exist in China with potential or actual power, yet each seeks to define and justify its differing policies on trade and foreign economic relations in terms of self-reliance. This exercise is incumbent upon any leadership in China which remains within the framework of socialism and opposition to foreign domination.<sup>2</sup> It is a political heritage—self-reliance (maintaining independence and 'relying principally on our own efforts') has a number of connotations in relation to China's history. From the Opium War (1839–42) to the war against Japanese invasion and aggression, the Chinese have been oppressed by colonial powers which sought to force trade, commerce and industry upon an increasingly decadent, disrupted, impoverished country. The arguments of Chinese nationalists, and especially communists, against the harm done

<sup>2</sup> This does of course beg the question as to what 'socialism' is. There is a danger inherent here that socialism becomes simply that which the Chinese leadership chooses to do.

by 'semi-colonialism' and invasion fit well with a dependency-type explanation of the country's backwardness.

Since the basis for overcoming this situation arose from a revolution and civil war led by the Communist Party of China (CPC), it is understandable that inheritors of this legacy require the label 'socialist' for their policies. If socialism saved the country from foreign domination, it might be a cause for concern if a leadership espouses the Open Door without claiming the socialist label.<sup>3</sup>

The matter is one of considerable difficulty and complexity when it is realised that China's leadership have explained not only their own country's historical backwardness, but also the continued underdevelopment of the Third World, in terms which relate to dependency theory and foreign capitalist oppression. It appears that debate on this has been thrown up in China, and it is instructive to note the tacit implications for China itself. For instance, an article last year in the official weekly *Beijing Review* described how the ex-colonial powers try hard to preserve the economic order through neo-colonialism.<sup>4</sup> This results in an unequal exchange of primary for manufactured goods, and in foreign capital controlling other countries' business operations:

... in dependence on developed countries for technology, in restrictions on the acquisition of foreign capital imposed by the international monetary monopoly, and in heavy debts incurred as a result of the developed countries' control of financial resources and the exorbitant credit terms they impose.<sup>5</sup>

The author goes on to say that 'Economic penetration, control and exploitation are the major means by which the superpowers try to manipulate and rob the developing economies'. The suggestion is that following on political independence, economic independence must also be achieved by developing the national economy.

In another discussion of these problems by two academics, again making no direct reference to China, a different slant is given.<sup>6</sup> They

<sup>3</sup> The extent to which patriotism remains a force in China is demonstrated by several factors. Parties other than the CPC are permitted, within limits, as part of a 'patriotic revolutionary united front'. Overseas Chinese investors (including capitalists) are often mentioned as components of a Chinese patriotism which seems to ignore questions of the socialist form of ownership.

<sup>4</sup> Xing Anhuang, 'Relationship between economic and political independence', *Beijing Review* 26(10) 7 March 1983.

<sup>5</sup> *ibid.*, p 16. The contradictory criticism of loans and debt (that the Third World is both exploited by not being allowed to borrow money and by being lent a lot of money) would be eased if the author disaggregated the different types of Third World economy into those which (especially in the 1970s) were regarded as good investment and those which were ignored.

<sup>6</sup> Chen Licheng and Tan Shizhong, '"Developing countries" role in world economy', *Beijing Review* 26(13) 28 March 1983. The authors are described as researchers of the International Economics and Politics Institute of the Chinese Academy of Social Sciences.

begin with the background to postimperialist exploitation of developing countries, and state that developed countries control the main components of world industry, finance, trade, science and technology. Thus there is still the basis for 'many kinds of imperialist exploitation': However, the forms of exploitation have changed greatly. Most of the former extra-economic forms of plunder no longer exist. Today, foreign capital and international trade constitute the main forms of exploitation.<sup>7</sup> These writers suggest a sort of necessary compromise, since the Third World independent nations 'adopted policies encouraging foreign investment' to increase capital availability and improve technology:

Exploitation by foreign investment no longer is imposed by force on colonies, but is a sacrifice made by the developing countries to better develop their own national economies. At the same time, the trade . . . is an economic relationship between two sovereign states, in which the exploitation . . . takes place through exchanges of unequal value.<sup>8</sup>

Despite the notion behind this, that investment is a calculated sacrifice for some future benefit, the authors also concede that changes in the form of exploitation 'do not mean that foreign capital has little effect on developing countries. It does indeed exert a powerful influence on some developing countries'.<sup>9</sup> But they go on to suggest that as indigenous economies grow, the power of foreign capital decreases.

Such arguments may indicate genuine theoretical muddle from which it is necessary to specify a process which both embodies an exploitative relationship *and* the potential for overcoming the detriment involved. Or they indicate that China's various leading strata are in conflict over the operation of the Open Door. Some may agree with it, but find it difficult to justify in terms of China's recent history.

The problem operates on two levels, one partly overlapping the other. The first concerns the legitimacy of the new policies within a socialist transition; the second concerns the question of whether such policies create dependency. It is presumed here that if they create dependency, then domestic socialist policies will be eroded by capitalist penetration. And given the political experience of China's leadership, it has also to be presumed that such a process should be foreseen. However it could be argued that if Open Door policies are justified as being socialist, then dependency may be avoided through the use of those policies to build up a strong economy. Foreign trade and finance in this context cannot be seen as exploitative (but are 'mutually

<sup>7</sup> *ibid.*, p 13.

<sup>8</sup> *ibid.*

<sup>9</sup> *ibid.*

beneficial'), and are used to import equipment and technology which both enables the country to reduce its dependence on other imports, and develop its own economic capacity to improve the peoples' material needs.

This argument resembles the Latin American models for import substitution industrialisation (ISI) proposed and followed since the war as a way out of dependency. Indeed, it has been argued that such policies for trade and ISI have formed part of China's strategies since the Soviet withdrawal in 1960. These views rely strongly on the argument that increased trade and the use of foreign finance can be done on a non-exploitative basis of 'mutual benefit'. The Chinese media are replete with the use of such statements to emphasise that the government does not regard the Open Door arrangements as being exploitative. Curiously, there are two somewhat conflicting examples utilised to suggest that such policies are compatible with socialism and not liable to be dependency-creating. On the one hand is the claim to legitimacy based on the early experience of Russia and the foreign concessions permitted by Lenin in the New Economic Policy (NEP). And on the other is the example of the newly industrialising 'countries' (NICs) including not only Hong Kong, but also ironically Taiwan.<sup>10</sup> In a sense, the first is meant to show that socialist countries can legitimately engage foreign capital ('if Lenin did, it must be alright') and at the same time accept from the second that capitalism is capable of transforming backward economies in ways which are at least partly acceptable to socialist China (and which demonstrate that dependent development is not necessarily a consequence of foreign investment).<sup>11</sup> It is also extremely helpful that the people of these two NICs are compatriots. However, it is also potentially embarrassing that these places (ostensibly parts of China) have a higher per capita GNP and (in Taiwan) a favourable distribution of income.<sup>12</sup>

<sup>10</sup> The NICs figure in the broader context of arguments about dependency theory, especially those centred on Warren's *Imperialism, Pioneer of Capitalism* (1980), and subsequent debate. However, in the context of this article, the argument is not whether 'dependency theory' is 'disproved' by the isolated industrialisation of a few countries, but if there is a possibility for a socialist country to engage in such development and growth without changing substantially.

<sup>11</sup> In the sense meant here, dependent development ignores the export nature of the two economies, indeed of all NICs. Given the level of effective demand in the world economy for manufactures (even if there were no recession) it seems doubtful that there can ever be more than a few countries going through the 'NIC' process at any one time. The productivity of labour and capital intensity of the industries concerned mean that there is no corresponding increase in wealth available to purchase rising output, unless there is a fundamental change in the rural economies of most Third World countries.

<sup>12</sup> World Bank figures (though they must be treated with caution): (The population's household

What seems to remain as the key consequence and problem arising from the new policies does not relate to economic questions, but the threat to socialism from 'spiritual pollution', corruption and decadence, which are let in through the Open Door:

The decadent bourgeois ideology and way of life are bound to creep into our society, especially because China has adopted an open door policy. In recent years, some weak-willed people have been hit by the sugar-coated bullets of the bourgeoisies and have degenerated into smugglers, embezzlers and other categories of economic criminals.<sup>18</sup>

This sort of explanation of the process, common in China's media, suggests that such people are not actual agents of capitalist relations of production, but simply victims of temptation ('seeking personal gain'). It is an interesting means of explanation, for it dissociates policy from responsibility for such events and relegates the perpetrators to a criminal category. This makes it unnecessary to understand the phenomena in terms of class categories. To do so would require acceptance that bourgeois development and capitalist business does take place (even in Taiwan?) without it being criminal (i.e. corrupt). It would also necessitate recognising that capitalist penetration is likely to be based on social relations *inherent* to China's particular form of socialist structure (including power and privilege) and not some external corrupting pollution disembodied from the beneficial aspects which China is ready to accept.

More will be said on the current inadequate analysis of this problem

income is ranked from poorest to richest and divided into fifths (i.e. quintiles) e.g. first quintile of Hong Kong's population—the poorest—got only 5.4 per cent of income in 1980.)

	GNP: \$ per capita 1980	Percentage of GNP received by each quintile of population					Top 10%
		1st	2nd	3rd	4th	5th	
PRC (a) 1979	290	18.4		42.3		39.3	22.5
Taiwan (b) 1971	1170 (1977)	8.7	13.2	16.6	22.3	39.2	24.7
Hong Kong (c) 1980	4240	5.4	10.8	15.2	21.6	47.0	31.3

(a) World Bank, *China: Socialist Economic Development*, (Washington DC, 1983), Table 3.19, p 92.

(b) World Bank, *World Development Report 1979*, (Washington DC, 1979), Tables 1 and 24.

(c) World Bank, *World Development Report 1982*, (Washington DC, 1982), Tables 1 and 25.

<sup>18</sup> 'Socialist ethics and courtesy month' by An Zhiguo (Political Editor) *Beijing Review* 25(12) 22 March 1982, p 3.

in the next section, which centres on an analysis of the different responses in Chinese arguments to the potential dangers of dependency and erosion of socialism.

### **Arguments Against Risks of Dependency and Capitalist Penetration**

The whole complex of arguments emerging from China concerning the validity of its Open Door policies are grouped here into two basic types. These appear to represent different viewpoints not only about the dangers posed by the new foreign economic relations but also different conceptions of socialism. Briefly, the two types of argument are these. Firstly, that there is no danger of dependency, nor any real threat to socialism, because the quantity of trade and foreign finance involved is small in relation to the total economy. Secondly, it is proposed that there are adequate political and economic controls which prevent foreign firms becoming dominant, enable China to keep its indebtedness within manageable proportions and avoid the risk of China being exploited. With a programme for promoting 'socialist spiritual civilization', the danger of ideological contamination can be guarded against. Both are based on the idea that new foreign economic relations and expanded trade provide a firmer material basis for the building of socialism. Such views are occasionally less defensive, and accept that Open Door policies will permit capitalist encroachment, but that so long as these are kept within limits they can be deemed beneficial in the long run.

#### **Low Quantum Arguments**

In a recent celebration of 'opening to the outside world and self reliance,' a government official said: 'Some friends of China are doubtful about the wisdom of China's open door policy. They are worried that it might weaken the revolutionary spirit of self-reliance and lead to dependence on foreign countries'.<sup>14</sup>

To demonstrate that they need not worry, he describes the ratio of foreign loans and direct investments to the total domestic investment. This was Yuan 30,000 million in foreign capital over the four years 1979-82, while domestic investment was Yuan 80,000 million 'in one year alone.' The volume of China's trade on a per capita basis (at an

<sup>14</sup> Zheng Hongqing, a member of the Economic Research Centre under the State Council (the 'Cabinet'), in *Beijing Review* 26(11) 14 March 1983, p 17.

average of \$40 in 1981) 'is lower than that of many developing countries'. The debt service ratio is also much less than the 20 per cent used as an international guideline.<sup>15</sup>

The fact of China's low levels of trade and external debt, despite the rapid growth in recent years, needs to be understood not only in terms of China as a poor economy but also the previous interpretations of self-reliance. In the early 1970s, China boasted that it had neither internal nor external debt, with the clear intention of suggesting that this was a result of a correct application of socialist policies and a basis for maintaining planned socialist development. As late as 1977, while supporting the growth of foreign trade (which the 'gang of four' was supposed to have opposed), some authoritative people were stating: Ours is an independent and sovereign socialist state. We have never allowed, nor will we ever allow, foreign capital to invest in our country. We have never joined capitalist countries in exploring our national resources; nor will we explore other countries' resources. We never did, nor will we ever, embark on joint ventures with foreign capitalists.<sup>16</sup>

Clearly the turnaround from such a position requires some sort of justification in terms of Marxist or socialist arguments.

Apart from those which rely merely on the seeking of revolutionary legitimacy from the experience of the Russia of the 1920s and Lenin's policies, the principal arguments for increasing trade and external economic relations rest on a supposedly Marxist interpretation of international trade theory. Interestingly, arguments about the validity of accepting foreign capital are not a major component of such analysis. It is as if to validate increased trade and participation in the world market economy (on a basis of 'equality and mutual benefit') is automatically going to grant legitimacy to the foreign capital requirements which facilitate such a policy.

The inadequacy of both a low level of trade and the ideas underlying its expansion are discussed at length by three economists in leading institutions of research and government in Beijing. They suggest that:

<sup>15</sup> The debt service ratio is the relation of interest and principal repayment owed in a given year in relation to the foreign exchange earned from all sources in that year. The World Bank report on China stresses the low level of both trade and indebtedness. (World Bank, *China: socialist economic development* (Washington DC, 1983), 3 Vols.) Other indicators of the low trade participation are given in Tien-tung Hsueh and Koon-lam Shea, 'Trade Stability, Balance, and Trading Partner of the People's Republic of China, *The Developing Economies* 19(3) 1981, pp 242-54. (The authors appear to be from Hong Kong.)

<sup>16</sup> Guo Maoyen, 'Expose the Conspiracy of the "Gang of Four" in Attacking Foreign Trade Policy', translation of article from *Hongri* (4) 1977 in *Chinese Economic Studies* 11(1). China is discussing participation 'with a foreign company' a project to mine in Xinjiang (the far west of China) for rare metals that are essential for space technology. Such technology is often difficult to separate from weapons technology. (*Beijing Review* 26(21) 23 May 1983.)

In the past, many people considered foreign trade only as a means of supplementing our economy, helping to maintain the proper proportion in socialist extended reproduction. They believed that socialist countries needed foreign trade because of the following factors: the gap between the material composition provided by the legacy of a backward economy and the material composition needed for the development of productive forces; shortage or lack of certain resources caused by limited natural conditions; imbalances caused by the rapid growth of certain branches of the economy in the course of technical progress; and gaps in planning arising from inappropriate arrangement of work or from chance factors such as natural disasters and poor harvests. . . . True, foreign trade can be helpful in these respects, but this is far from being a penetrating explanation of the objective inevitability of the socialist countries' need for foreign trade. In other words, the question was not settled at the higher level of economic law.<sup>17</sup>

We find that the 'objective inevitability' arising out of 'higher economic law' is none other than participation in an international division of labour, which permits the socialist economy to make savings in the labour expended in the economy. However, the labour savings to be made are not simply a result of the ability to import goods which it would require more labour to produce domestically. Things which are 'cheap' for China to produce are to be exported in order to gain technical equipment which will further improve the labour efficiency of other branches of production. But the need for a justification in 'socialist' terms produces some tortuous arguments.

For instance, participation in the international division of labour is seen to be a means of increasing the efficiency of China's labour, both in the short run and (by means of the technology so imported) to show that 'In the last analysis, productivity of labour is the most important, the principal thing for the victory of the new social system.'<sup>18</sup> Raising productivity helps to consolidate the victory of socialism over capitalism. 'Therefore, economisation of social labour through full utilisation of the international division of labour is of immediate concern to the victorious proletariat'.<sup>19</sup> Such an argument must be difficult to sustain when negotiating the foreign investment needed to import technology means accepting the principle of mutual benefit with the capitalists. More crucially, the question which is probably of greater concern to proletarians (and peasants) in China is full employment. The levels of labour productivity inherent in imported technology are not conducive to a rapid increase in levels of employment in the country.<sup>20</sup>

<sup>17</sup> Yuan Wengi, Dai Lunzhang and Wang Linsheng, 'International Division of Labour and China's Economic Relations with Foreign Countries', *Social Sciences in China* 1(1) March 1980, pp 40-41.

<sup>18</sup> *Ibid.*, p 39. Lenin is quoted from *Collected Works*, (Moscow, 1965) Vol. 29, p 427.

<sup>19</sup> *Ibid.*, p 39.

<sup>20</sup> Related arguments about the potential for economising on domestic labour through increased



To attempt justification of the Open Door policy by pointing to the relatively small quantum of foreign trade and economic relations in which even now China engages seems legitimate. The problems appear to begin when legitimacy in socialist terms are sought; such arguments as are based on convoluted views of the international division of labour and notions of labour productivity appear to me to be weak. It is interesting that the Chinese arguments presented in the next section, which focus on the safeguards involved in the new policies, are a separate group which often do not appear to overlap.

### **Arguments for Adequate Political and Economic Controls of Trade and Foreign Capital**

China's leaders are well aware of the historical parallels that can be drawn with a number of the Open Door policies, and are quick to argue that they do not represent new forms of previous semi-colonialism or 'dependency'. So 'foreign friends' (and domestic dissenters?) are reassured that the Special Economic Zones (SEZ) are not like the foreign concessions of nineteenth-century colonialism. Likewise, an article in *Beijing Review* tried to demonstrate that the construction contracts abroad involving over 30,000 Chinese workers and technicians is not a 'Return of "Chinese coolies"''.<sup>21</sup> Such arguments appear to form part of a group which deal with the dangers of 'dependency' and the threat to socialism by stressing that China exercises stringent political and economic controls. In fact though, there seems to be considerable unwillingness to recognise the link between Open Door policies and changes in socialist economic and social relations. The new foreign economic policies are usually regarded as being an adjunct to socialism; i.e. they are able to be controlled because they are not inherent in the domestic economy, which is still subject to planning. Nevertheless, it is admitted that the Open Door is leading to a wide range of non-socialist forms of behaviour. The treatment of such 'spiritual pollution' will shortly be assessed as 'ideological' controls, after first looking at the question of the effectiveness of economic and political controls.

Although I tend to concentrate on the weaknesses of Chinese arguments, it needs to be stressed that the leadership still retains the

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foreign trade are put in a more thorough way by Sun Xiangqian in 'The Question of the Profitability of China's Foreign Trade to the National Economy', *Social Sciences in China* 3(3) 1982.

<sup>21</sup> *Beijing Review* 26(52) 26 December 1983, p 3 and article, pp 27-9.

ability to utilise considerable control if it so desires, even at the expense of the potential growth they regard as embodied in increased trade. For example, in 1982 a serious dispute with the US came to a head over the matter of US quotas on imports of Chinese textiles.<sup>22</sup> By 1983, the US had restricted any growth in such imports, and as a result China 'halted purchases of soyabeans, cotton and chemical fibres and reducing purchases of US grain. As a result, US exports to China fell 40 per cent in 1983's first nine months. The textile quote dispute was resolved towards the year's end'.<sup>23</sup> The cut in imports from the US cannot be seen as mere retaliation.<sup>24</sup> After all, some of the cotton and chemical fibres are fabricated in China and the finished goods are part of the imports which sections of the US establishment wants to restrict. It would seem that the dispute concerns wider matters, including US politicians' attitudes to the People's Republic and Taiwan. In this sense, the 'control' exercised in this issue is probably closely linked to arguments about national sovereignty. In this sphere, and over this aspect of 'dependency', the Chinese government will relinquish very little. Yet in other aspects of state control over political and economic matters affecting socialism and potential 'dependency', there is evidence that the planning structure is being dissolved and weakened in order to permit the operation of new external financial arrangements. So long as there is no question of an obvious threat to national sovereignty, then it can be argued that self-reliance is being preserved. The key shift in the idea of self-reliance is the acceptance that planned economic structures are only so good as the technology imports and export earning capacity they permit to exist.

This argument requires two further components: that foreign economic relations produce benefits for both sides, and that economic and political controls over the foreign side can be invoked as and when necessary. Both of these latter components are needed in order to justify that the Open Door is not economically exploitative, nor leading politically to subordination. Clearly foreign enterprises will not participate without both a certain level of profit and a related degree of security against future political shifts (which might range from higher taxation to state appropriation). So the point about mutual benefits needs to be established to show that despite foreigners' profits the new

<sup>22</sup> For China's view of the matter, see *Beijing Review* 26(5) p 9, *inter alia*.

<sup>23</sup> *The Wall Street Journal* (New York) 5 Jan 1984, p 20.

<sup>24</sup> Nor were they because of trade deficits: in 1982 a surplus on trade of \$4.6 billion was raised, and in 1983 instead of running a deficit of \$1.9 billion another surplus of \$3.56 billion is apparent. (*ibid*).

economic forms are of 'equal value' to China's economy. Yet at the same time, if the Open Door policies bring in foreign technology and raise growth, are there any new foreign economic relations which, it can be argued, will not bring China some benefit? Thus relaxations of the political and economic controls can be justified in order to increase foreign participation, the greater investment then bringing greater benefits to both partners.<sup>25</sup> In this way, the label self-reliance is applied to Open Door policies which, to be implemented, require increasingly weakened planning structures and political controls.

This process seems to undermine arguments that stress the ability to use controls in order to retain an economy which is mainly planned. The erosion of planning can be put into a number of categories, including devolution of the control over foreign investment and trading to provincial level (and sometimes lower); the granting to enterprises and other organisations of the right to retain a percentage of their own foreign exchange earnings for their own utilisation; and the relaxation of taxes and other controls on foreign capital. An example of the first is the way Hainan island (part of Guangdong province in the south) has been granted greater decision-making powers by the State Council in order to attract more foreign investment.<sup>26</sup> Similarly, Shanghai (a province-level municipality) is now permitted to absorb foreign funds directly in joint ventures, and even raise capital when necessary on the international market.<sup>27</sup>

In these types of devolution, the manner in which planning is being devolved parallels the changes in the economy with regard to domestic issues (e.g. the decentralisation of control and allocation of investment funds generally). But foreign economic relations clearly imply links with (and potential influence of) capitalism, even if it is claimed that domestic economic reforms are new forms of socialist organisation. Thus it might be expected that political and economic controls in this external sphere be more strictly maintained. However, in regard to a number of mechanisms being used to encourage greater foreign investment, the opposite is the case. For instance, the SEZ established in Guangdong and Fujian provinces in South China were intended to be

<sup>25</sup> This argument does not ignore the fact that controls have been relaxed more and more precisely to encourage greater foreign involvement in the face of external uncertainty about profit rates and future political stability.

<sup>26</sup> *Beijing Review* 26(24) 13 June 1983, p 7. I often use the term foreign investor to include 'overseas Chinese' and 'compatriots from Hong Kong, Macao and Taiwan', for the sake of brevity. Where a distinction between these categories is useful it will be made.

<sup>27</sup> *Beijing Review* 26(22) 30 May 1983, p 8.

restricted enclaves within which foreign capital could operate (under concessionary tax and customs rules). We find though that in 1981 there was an announcement that Guangdong was to extend the concessions and privileges operating in its SEZ to many towns, cities and rural areas of the province.<sup>28</sup> This province (and neighbouring Fujian) are the homelands for the majority of overseas Chinese (including those in Hong Kong and Macao) and 'patriotic capitalists' from among them are encouraged to invest in the province. An investment corporation set up by the provincial authorities to do this includes several 'prominent Hong Kong and Macao businessmen' on its board.<sup>29</sup> This implies that resources under the control of various levels of the economic structure (down to county level and sometimes below) are now influenced by foreign capital in a manner that is beyond the planning system. In joint ventures, the original proposals insisted that China have an equity share and hence members of the managing board. This is now changing, with some being entirely foreign owned.<sup>30</sup>

The major controls which the authorities exercise economically (and hence politically) over foreign investors are those concerning rates of profit extraction (through taxation), the nature and amount of technology brought into the country (through contract negotiation), the amount of the product to be sold domestically or abroad to earn foreign exchange (through contract), and the amount of foreign exchange used to pay foreigners' salaries and suppliers abroad (through exchange regulations). In all aspects, since implementing Open Door policies the authorities have diluted such controls in order to speed up the rate of foreign participation and create an atmosphere of greater certainty for overseas investors. Thus in 1983, there were a number of tax cuts and other forms of preferential treatments introduced for joint ventures. These applied in particular to duty and tax exemptions on foreign equipment paid for by the overseas partner (in order to increase the

<sup>28</sup> *Xinhua Weekly Issue* (643) 11 June 1981.

<sup>29</sup> See *China Trader* 4(1) March 1981, p 31 for fuller details of the Guangdong Trust and Investment Corporation and figures on projects and investments in the province. In an interesting article on the SEZ, Littler and Lockett mention another facet of the overseas Chinese link: burial plots are being sold to them so that people can 'return home'. See *China Now* (108) 1984.

<sup>30</sup> In 1983 it was announced that China had its 'first business run exclusively by Japanese investment, the Sanyo Electric Co. of Japan'. Admittedly, this enterprise (making watches, cassette recorders and other electrical goods) is located at Shekou within the Shenzhen SEZ (adjacent to Hong Kong). But the same announcement mentions 'some 30 enterprises financed exclusively by overseas Chinese' in Guangdong and Fujian. See *Beijing Review* 26(48) 28 November 1983, p 6. Shanghai now also has an enterprise which is entirely foreign owned by 3M, making telecommunications and electrical power systems. See *The Economist* (London) 21 January 1984, p 67.

level of technology imported).<sup>31</sup> In addition taxes will not be levied on profits for the first two profit-making years (previously only one), and levied at 50 per cent in the third year. Additionally, the joint ventures will be able to sell more of the output within China.<sup>32</sup> In the same year, new foreign exchange regulations were announced to 'benefit overseas investors'. They are aimed especially at those enterprises engaged in joint offshore petroleum exploitation, and permit the direct payment outside China of foreigners' salaries, procurements costs, various labour charges and suppliers' fees (in foreign currencies).<sup>33</sup>

The one aspect on which a stricter stand seems to be taken is on the question of borrowing conditions for capital. Thus the economic editor of *Beijing Review* writes:

Some people at home worry that the plan to use an increased amount of foreign funds will invite a heavy burden of foreign debt or even will cause us to risk being controlled by foreign capital. This kind of worry is understandable. Problems may occur if large sums of foreign funds are improperly used.<sup>34</sup>

Such improprieties seem to involve the period under Hua Guofeng's leadership (1976-8) in particular, when borrowings were made at high rates of interest and complete plant ordered for a number of projects.

Though concern for political and economic control clearly exists within the leadership, it seems that a number of compromises have been struck between different levels of the political structure. Thus the national leadership in Beijing may recognise the pre-eminence of the need to earn foreign exchange; to do so effectively, they may have recognised the strong positions of particular parts of China like Guangdong, Shanghai, Tianjin, and Fujian. Various local interest groups in these regions may have bargained for a degree of greater autonomy in structuring their local economies (especially in relation to foreign and overseas Chinese capital). The ability to earn foreign exchange may confer considerable power on local levels of China. In my opinion, this factor (linked to the power of overseas Chinese capital) is producing significant regional counters to Beijing.

But the central leadership, especially through control of the Party, can still try to exercise control over ideological issues—over the impact of foreign trade and finance on people's thinking and behaviour. This aspect deserves some attention here as it is receiving so much within

<sup>31</sup> *Beijing Review* 26(19) 9 May 1983, p 7.

<sup>32</sup> See also *Beijing Review* 26(40) 3 October 1983, p 4, and No. 41, 10 October 1983 for a new document on joint venture regulations.

<sup>33</sup> See *Beijing Review* 26(24) 22 August 1983, p 5, and p 25.

<sup>34</sup> *Beijing Review* 26(23) 6 June 1983, p 4.

China, in particular as a campaign for 'building socialist spiritual civilization'. Such a campaign is to oppose 'the "spiritual pollution" intrinsic in capitalist societies':

As early as September 1979, the Party Central Committee called for parallel construction of economic and spiritual civilization, with each promoting the other. For, it is held, the building of a spiritual civilization is crucial to maintaining the socialist aspect of modernization, facilitating the consolidation and development of the socialist economy, forestalling any possibility of 'Westernization' and preventing China from going capitalist.<sup>35</sup>

Some of the forms in which 'spiritual pollution' are appearing have been identified as criminal (corruption, smuggling, peddling pornography, embezzlement, etc.) and are being dealt with in a concurrent campaign of prosecutions and heavy sentencing. Both the crackdown on these categories of crime and the campaign for a spiritual civilisation seem to be based on a rather curious view (in Marxist terms) of the relationship between material economic relations and people's behaviour, actions, and thinking. For if the Open Door policies are capable of being considered components of a socialist transition, then the forms of social behaviour engendered by them ought to be consonant with socialism. That is, they would create circumstances in which increased incomes and development progress generally would give rise to increasingly collectivist means of appropriating and distributing the surplus. Of course, there is an argument that growth and development needs to be accelerated at the expense of such socialisation of wealth in a phase of limited 'retreats' (cf. the Lenin/NEP argument). But if such were the case, then the manner in which blame for corruption (by 'criminals') and 'pollution' (by foreigners) is allocated to external forces or remnants of the past needs to be rethought. The Chinese leadership seems unwilling to view the Open Door 'corruption' and 'pollution' as something which is inherent to existing social and economic relations *within* the country.

### Conclusion

Self-reliance in China's new policies means getting increased access to foreign technology and capital in order to improve the economy and engage in import substitution. But the use of foreign capital to achieve this requires China to show 'mutual benefit' in each enterprise. But such mutual benefits cannot be demonstrated unless foreign capital is willing to come in, and this entry has to be encouraged by increasing the

<sup>35</sup> Pang Yongqie and Li Shanguan, 'Building Socialist Spiritual Civilization', *Beijing Review* 26(18) 2 May 1983, p 16.

concessions and reducing the controls. Thus any form of foreign capital participation which brings technology into the economy is seen as bringing benefit to China, and if it is willing to come presumably the foreign side is getting benefit. So relaxations of controls which encourage more participation are in danger of being justified as increasing self-reliance.

Clearly a 'transitional' society does experience threats both from its own past and from external exploitative systems. But the missing element is any analysis of how political and economic power exercised by Party and government within a socialist transition are themselves a material basis for self-aggrandisement. What needs to be examined is the way in which erosion of planning, reliance on market forces and individualisation of production incentives react upon this structure of political and economic power.<sup>36</sup> There needs to be some recognition that the danger of dependency—and hence the risks to socialism—are not in direct relationship to the admittedly low levels of trade and foreign finance. They arise from the nature of power within transitional regimes and the impact upon the power-holders of the weakening of controls and of planning which are needed to 'open the door'.

<sup>36</sup> A hint of what is going on is given in *The Economist* (London) which identifies conflicting interests between central and provincial officials in the manner in which investment should be allocated between different sectors: 'Exhortations from Peking throughout 1983 to go slow on consumer goods projects and strengthen the country's infrastructure fell on deaf ears among provincial officials keen to make a quick yuan'. (*The Economist*, 21 January 1984, p. 67.) The context shows that this does not mean a corrupt 'quick yuan' but that local interests are served by such non-planning. The same report describes how central planners tried to exercise control by halting over 5,000 unauthorised schemes in 1983. A very high proportion of capital construction funds in the previous year was reported by the authorities to have been invested 'outside the plan'.

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## THE UN SYSTEM

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### ▲High-Level Intergovernmental Group of Officials to Consider the Review and Appraisal of the International Development Strategy for the Third UN Development Decade

New York, 30 January–10 February 1984

■The International Development Strategy for the Third UN Development Decade, adopted by the General Assembly in December 1980, sets out the major objectives and policies for the economic and social development of the Third World during the 1980s. As part of UNCTAD's role in monitoring the Strategy, and adapting it to changed conditions, representatives from 100 countries examined developments in some of the crucial and most contentious areas, including international trade, commodities, and financial and monetary questions. Because they could not resolve longstanding North-South divisions on these issues, a composite text had to be drafted, indicating the main areas of disagreement. These included the state of protectionism and structural adjustment, structural reform of the international monetary system (including less severe conditionality practices by the IMF), and the need for compensatory financing of export earnings shortfalls. Disappointment resulted from the refusal of the OECD countries to take up the call for new or revised policies and measures to help the Third World survive the effects of recession and deflationary policies in the West.

Although the UN Strategy foresaw an average annual growth rate of 7 per cent during the decade—that is, an annual increase of about 4.5 per cent in per capita GDP—growth in GDP has declined to 1.3 per cent in 1980–84, compared with 5.8 per cent in the 1960s. By the end of 1984, per capita income of developing countries as a whole is likely to be 5 per cent lower than at the beginning of the decade. The net transfer of financial resources is expected to drop to \$4 bn, compared to \$55 bn in 1981. Meanwhile, the terms of trade of these countries has been deteriorating at a rate of 1.6 per cent per annum in the same period.

The intransigence of the North over the international economic environment is likely to reinforce these trends, since few developing countries have domestic markets of sufficient size to avoid the domination of overall economic conditions by their balance of payments. The fight against inflation in the North is set to prolong the escalation of inflation rates in the Third World, largely as a result of the tight external position, and the policies of currency devaluation often insisted upon as part of IMF conditionality.<sup>1</sup>

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### ▲UNCTAD—Intergovernmental Group of Experts on Model Rules for Multimodal Container Tariffs

Geneva, 16–20 January 1984

■Although international multimodal container transport has increased rapidly in recent years, the requirements of world trade have not been met because of institutional, administrative, customs, and other shortcomings. This was the first attempt by experts from both North and South to recommend principles for model rules for multimodal (sea, land, air) container tariffs, which could be used by



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commercial parties in establishing the terms and conditions of carriage. Of twenty-nine principles agreed by the experts, the main one stressed the desirability of standardising and simplifying container tariffs, implying the need to bring more consistency among individual trades in the volume and scope of the rules. This process could be facilitated by the preparation of principles to ensure a balance of interests between suppliers and users of multimodal container transport services. The question of definitions based on the principles was deferred to the Experts' next meeting in May 1984.<sup>2</sup>

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▲UNCTAD—Group of Experts on the International Sea Transport of Liquid Hydrocarbons in Bulk  
Geneva, 30 January–3 February 1984

■Seventeen experts met to evaluate the response to a questionnaire they had drawn up in April 1983, designed to ascertain **whether barriers had prevented shipping companies of developing countries from competing freely and fairly in the international seaborne transport of crude oil and liquid petroleum products**. In a context of widespread disagreement, some participants argued that the market was vertically integrated and closed, as shown by the high percentage of trade conducted between affiliated companies,<sup>3</sup> and the large share carried in tonnage owned by (or bareboat chartered to) the oil industry.<sup>4</sup> The existence of open-registry flags was another hindrance to developing countries wishing to enlarge their fleets. Other experts saw the tanker market as open and competitive, as evidenced by the large share of tanker ownership by independent operators and the substantial use of brokers. They argued that the use of ships owned by affiliates resulted from the need to counterbalance the bargaining power of independent tanker owners at a time when the latter were favoured by the market. General agreement was reached on the depressed state of the tanker market, characterised as it is by a very large surplus of tonnage and very low freight rates. One of the main recommendations to UNCTAD's Committee on Shipping was the holding of regular consultations between interested parties to discuss supply and demand trends in the world oil tanker market and adopt appropriate policy measures. Some decentralisation of shipping intelligence to potential regional centres in the Third World was also recommended.<sup>5</sup>

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▲UNCTAD—Intergovernmental Group on Ways of Combating Maritime Fraud Including Piracy  
Geneva, 6–17 February 1984

■Sixty governments and twenty intergovernmental and nongovernmental organisations were represented in this **first-ever intergovernmental meeting on combating the multiple aspects of maritime fraud and piracy**. The alarming increase of fraud in international shipping and trade has caused annual losses to shipowners, insurance companies and customers estimated at \$1 bn; developing countries are the most frequent victims, due both to inexperience and to inadequacies in the existing structure of shipping and trade. This group therefore urged governments to tighten preventive and punitive measures against maritime fraud, and requested the

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UNCTAD Secretariat to prepare a further dozen in-depth studies taking up various issues in its general report for the meeting.<sup>6</sup>

Since the Secretariat considers falsification of bills of lading to be the most important type of maritime fraud, it recommends the creation of a central registry to keep track of them. Such bills act not only as a receipt, but also as evidence of transport contract and ownership of goods; the buyer of a bogus bill may later find that a cargo, or even a ship, does not exist. Other major types of fraud include theft of cargo by shipowners; marine insurance frauds involving the scuttling of overinsured vessels; charging by shipping agents for non-existent services; pilferage of goods lying in port warehouses; falsification of mortgage documents; and, increasing incidents of plain piracy (mainly in Southeast Asia and the Pacific). False invoicing is another major problem, since invoices are often understated to avoid customs taxation, or overstated to take foreign currency out of the buyer's country in violation of foreign exchange rules.

Among the proposals the UNCTAD Secretariat is examining are improved administrative and legal cooperation between government authorities investigating maritime fraud; the formulation of anti-fraud guidelines on which national banks would advise clients; and, a banking 'superservice' scheme for reducing risk of fraud in letter of credit transactions (involving the referral of clients to cargo inspection agencies). Since maritime fraud is only a fraction of one per cent of world trade, combative measures must avoid restructuring international commerce in such a way as to impede the conduct of the vast volume of problem-free trade. Another problem concerns the computerisation and electronic transmission of documents due for completion in five years, meaning that remedies planned on present day procedures might be out of date before they can be applied.<sup>7</sup>

● 'This first session of our group enabled us to carry out a preliminary task of approaching and analysing the problem which has resulted in the attainment of clearly specified objectives in the struggle against maritime fraud and its consequences'. Raymond Farhat of Lebanon, Chairman of the Intergovernmental Group. *UNCTAD Press Release TAD/INF/1548*, 20 February 1984.

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### ▲ UNCTAD—Committee on Transfer of Technology

Special Session

Geneva, 13–22 February 1984

■ Sixty countries held this special session exclusively for the consideration of a strategy for the technological transformation of developing countries. This matter has been under consideration in various UNCTAD forums for the last five years, and the recent Secretariat document (TD/277, presented to UNCTAD VI) stresses as crucial factors the reduction of external dependence of developing countries, and the strengthening of their national capacity to take the decisions needed for autonomous technological development. The main North-South difference centred on the viability of a single strategy. Rejecting the institutionalised technological dependence certain to linger from short-term, *ad hoc* approaches, the Group of 77 highlighted two principal components of a universal strategy: first, an interrelated set of measures covering fourteen different areas, such as technology strategies, plans and policies, institutional arrangements and infrastructure, and, an appropriate legal

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framework; second, means of implementation and review of the strategy, relating particularly to progress in autonomous decisionmaking, technological self-reliance, and indigenous capacity for the generation of technology. Opposing the idea of a single strategy, the West emphasised the importance of supportive environments for multiple strategies, including assurances and guarantees for risk-takers, education and training infrastructures, and the prevalence of productive enterprise. With general agreement on the roles and responsibilities of the Third World itself, and the support required by the international community, the outstanding differences will be taken up at the fifth session of the Committee in October 1984.<sup>8</sup>

●... the overriding objective of the strategy should be to strengthen the scientific and technological capabilities of developing countries to make decisions needed for their technological development'. Marcel Namfua of Tanzania, on behalf of the Group of 77. *UNCTAD Press Release TAD/INF/1546*, 15 February 1984.

'Science is universal, it is open, its discoveries are publicised from the house-tops. Nobody gains by keeping scientific discovery secret. Technology in sharp contrast is different. Advances are guarded for political, commercial, military, strategic or even prestige purposes'. Surendra Patel, Director of UNCTAD's Technology Division. *UNCTAD Press Release TAD/INF/1546*, 15 February 1984.

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### ▲Food and Agriculture Organisation (FAO)

Pledging Conference for the World Food Programme (WFP)  
New York, 6 March 1984

■The WFP, a joint undertaking of the UN and FAO, provides food and agricultural assistance in over 125 countries around the world. Since it began operation in 1963, with an \$85 mn budget for the promotion of projects and emergency relief, it has grown into one of the largest multilateral assistance channels (second only to the World Bank). It currently provides support for 1,700 development and relief projects, with the emphasis on low-income, food-deficit countries, and projects based on increased production and rural development, as well as nutritional improvement for the most vulnerable groups.

Fifty-two countries attending this eleventh Pledging Conference pledged \$658.3 mn, or 49 per cent of the target of \$1.35 bn for the 1985-6 biennium (an increase of \$150 mn over 1983-4, which remained only 80 per cent fulfilled). Canada was the single largest donor, with \$229.84 mn, followed by the EEC, with \$127.3 mn; pledges were received from many Third World countries, the largest being India, followed by Cuba, Bangladesh, Pakistan, and China.<sup>9</sup>

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### INTERNATIONAL MONETARY FUND/WORLD BANK

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▲Twenty-Second Meeting of the IMF Interim Committee and Twenty-Third Meeting of the IMF/World Bank Development Committee  
Washington DC, 12-13 April 1984

■An unusually acrimonious series of meetings within the IMF and World Bank ended in **disagreement on major issues, such as the role of the US in the world**

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**economic recovery, and finance for Third World development.** Despite continued signs of recovery following the improvement in the world economy during 1983, sharp exchanges occurred over the US government budget deficit and the latest rise in US interest rates, which the IMF contends are impeding the recovery. With the US-Western European rift on this matter again in evidence, Donald Regan, the US Treasury Secretary, repeated his denial that big deficits cause high interest rates, and criticised Jacques de Larosière, the IMF's Managing Director, for his 'excessive preoccupation' with the US deficit (expected to total \$177 bn in the year ending September 1984).

The US was also at the centre of a dispute over the availability of finance to the Third World, with angry reaction from both developing and Western countries at the US decision to use the World Bank as a weapon to fight its trade war with Japan. This stemmed from US demands that Japan open its markets to US exports, and liberalise its capital markets, in the expectation of an increase in the value of the yen, which would make Japanese exports more expensive, and reduce the US trade deficit with Japan of \$22 bn. As part of its strategy, the US blocked an \$8.4 bn increase in capital for the World Bank, under a formula which would have promoted Japan from the fifth to the second largest contributor and voting member after the US. With Japan retaliating by threatening to cut its contribution to the seventh replenishment of the IDA (IDA VII) in June 1984 by over \$1 bn, the US move infuriated other IDA contributors, especially since it followed the US refusal to grant more than \$9 bn for IDA VII, compared with the \$12 bn generally felt necessary. European Finance Ministers had already taken tentative steps towards the provision of a \$3 bn supplementary fund, to be provided by countries other than the US, and potentially including Japan.

In another dispute, the US headed four other industrialised countries (Australia, the Federal German Republic, Japan, and the UK) in opposing a plan by seventeen Interim Committee members, led by France, for the creation of 30 bn Special Drawing Rights (SDRs) in 1985-6, about two-thirds of which would be made available to the poorest developing countries. The plan, which would also have involved new conditionality practices, received the backing of only 60 per cent of total votes, compared with the 85 per cent needed for approval.

Another uncertain point of discussion was the **\$500 mn Argentine debt rescue package** put together by the US and four Latin American countries (Brazil, Colombia, Mexico, and Venezuela) at the end of March 1984, which had enabled Argentina to meet its latest debt service deadline on 30 March 1984. Many Western European countries felt that this deal could place pressure on the IMF to water down the economic reforms required as the condition of its assistance in rescheduling Argentina's \$43.6 bn of foreign debts by the end of June 1984; some saw the more general danger of a precedent for bailing out debtor countries before they have agreed a strict programme of economic reforms with the Fund. This tough joint position was interpreted as a warning to the US to move cautiously in protecting the interests of its commercial banks in future—whether or not in the throes of a presidential election. The Argentina question also prompted discussion on the more general dilemma of whether the IMF should continue to handle the debt crisis according to its preferred case-by-case approach, or whether it should attempt to promote solutions based on a longer term restructuring of debt.<sup>10</sup>

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● 'It is counterproductive for others to abdicate responsibility for their own destinies by blaming their problems on US policies. Quite simply, the US budget deficit is not the cause of all the world's economic problems, nor would reducing our deficit be a panacea'. Donald Regan, the US Treasury Secretary. *Financial Times* (London) 13 April 1984, p 6.

'The commercial banks must set about rescheduling, not from year to year, from quarter to quarter, or month to month. They have to think about longer-term solutions'. Karl Otto Poehl, President of the Bundesbank of the Federal German Republic. *Financial Times* (London) 16 April 1984, p 2.

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### AFRICAN, CARIBBEAN AND PACIFIC-EUROPEAN ECONOMIC COMMUNITY (ACP-EEC)

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▲ Second Ministerial Meeting for the Negotiation of a Third Lomé Convention  
Brussels, 9-10 February 1984

■ Tough discussions between the EEC and sixty-four ACP countries failed to resolve the main areas of disagreement over a new ACP-EEC pact to replace the Second Lomé Convention when it expires in February 1985. The dominant conflict centred on the ACP's rejection of the EEC's proposed 'policy dialogue', aimed at tighter consultation procedures to improve efficiency in the use of aid. The ACP have long sought clarification of this proposal, which they feel could lead to conditionality in aid, and to the erosion of ACP sovereignty and independence. EEC ministers offered assurances that the dialogue was intended neither to deprive ACP states of their rights under a 'contractual' convention, nor to allow the withholding of aid if such a dialogue failed. The level of aid and finance in general also proved contentious, with the ACP attributing the limited success of Lomé I and II to insufficient financial resources (\$5.6 bn under Lomé II compared to the \$11 bn requested). On trade, the ACP continued to seek new provisions to overcome the problems posed by the EEC's tariff and non-tariff barriers, inadequate preferences, over-strict rules of origin, and safeguard clauses. The EEC, which feels that the Lomé system is the most liberal in North-South trade, attributed the ACP problems to structural factors, and drew attention to the success of some Latin American and Asian countries without help from privileged conditions. The EEC also took issue with longstanding ACP views on measures for indigenous industrialisation, such as redeployment and relocation of European industries, and adequate flows of technology and capital to the Third World. The main disagreement on agriculture remained the ACP demand for access at concessionary rates to the massive food surpluses resulting from the EEC's Common Agricultural Policy—a reflection of Third World views that many countries can never hope to attain self-sufficiency in all products.

On the main political issues, the ACP again rejected the possible inclusion in the new Lomé Convention of clauses on human rights, whose definition they believe should anyway extend beyond civil and political rights to the right to economic, social and cultural development. On the other hand, the EEC would not accept that

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stipulations on South Africa be included in a convention whose formal aims it holds to be economic.

The areas in which broad agreement was achieved included the priority to be given to rural development, the search for self-sufficiency and food security, the objectives of financial and technical cooperation, and the need to strengthen cooperation in the energy and mining sectors. Supporting the ACP's broad ideological emphasis on the concepts of interdependence and mutual interest, Edgard Pisani, the EEC Development Commissioner, stressed the need to accelerate the Lomé III negotiations, starting with the next ministerial meeting in Fiji in May 1984.<sup>11</sup>

● . . . The Community thinks that substantial improvements can be made in the effectiveness of cooperation and it suggests achieving this through a thoroughgoing operational dialogue on implementation. This is perfectly in keeping with the contractual nature and spirit of ACP-EEC relations that are marked by mutual respect for the sovereignty of each of the partners'. Claude Cheysson, the French Foreign Minister and President of the EEC Council of Ministers. *The Courier* (Brussels) No. 84, March–April 1984, p. ii.

'We can't accept conditionality . . . We are more concerned about economic survival, our crippling debt, economic growth and development . . .'. Peter Afolabi, the Nigerian Ambassador to the EEC. *West Africa* (London) 20 February 1984, p. 398.

'In all this, the Community must be able to perceive its own interest, as neither its recovery nor our economic development is likely to be sustainable one without the other'. Hugh Shearer, the Jamaican Deputy Prime Minister and Chairman of the ACP group. *The Guardian* (London) 10 February 1984, p. 8.

'Most Europeans seem to think Lomé aid is a simple handout. It's not. Developing Third World markets and raw materials supplies is crucial to the health and security of European industry'. Josua D V Cavalevu, Fiji's representative to the EEC and Chairman of the Committee of Ambassadors of the ACP States. *IHT* 9 February 1984, p. 3.

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### ▲ Joint Committee Meeting

Brazzaville, 20–24 February 1984

▲ The Joint Committee, in which members of the European Parliament (MEPs) and ACP ambassadors and ministers play a consultative role in the functioning of the Lomé Convention, held deliberations along lines similar to the ministerial meeting in Brussels. Some of the most scathing criticisms of the weaknesses of Lomé II came from Bruno Ferrero, the Italian Communist MEP in charge of this year's report (due in Autumn 1984) on the Convention. The main points of criticism include: a 20 per cent fall in available finance under Lomé II compared with Lomé I; the stagnation of ACP trade with the EEC despite the Lomé free trade provisions; and, inadequacy of the compensatory STABEX and SYSMIN schemes for producers of primary commodities. Of the ACP economic demands dismissed by MEPs, two of the most important were the reduction of EEC production of sugar, and unlimited access to the EEC market for ACP rum.

Further heated debate on Southern Africa resulted in the adoption of a resolution emphasising the need to exercise 'effective pressure on the South African regime',

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and to develop humanitarian aid to the Frontline States, notably through support for SADCC. The EEC again ruled out sanctions against South Africa, since it felt unlikely to ever be able to agree on an issue which was so against the EEC's own interests. Although the issue of a possible **human rights clause** for Lomé remained unresolved, the two sides compromised by setting up a working party to put forward proposals to promote dialogue on this issue. A resolution on Chad, also adopted with difficulty, denounced 'any destabilisation policy conducted in the ACP countries by foreign forces', and expressed concern over 'the reinforcement of the Libyan military posture and the risks of annexation by Libya of all of northern Chad'.<sup>12</sup>

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### ORGANISATION OF AMERICAN STATES (OAS)

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#### ▲Special Committee on Finance and Trade

Working Subcommittee

Washington DC, 5-6 March 1984

■ This twenty-nine member subcommittee<sup>13</sup> was established in Lima at the end of January 1984 to **propose and negotiate solutions to the severe economic crisis in Latin America and the Caribbean**, particularly in light of the gap between the region's growth prospects, economically and socially acceptable levels of income and consumption, and the ability to meet external debt repayments. Some of the options given preliminary consideration at this first round of talks with US government representatives were: the reduction of debt service through long-term rescheduling and lowering of interest rates, margins and commissions; reduction of interest rates in the international financial market consistent with the maintenance of new lending; the expansion of foreign trade through improved market access and reduced protectionism; the granting of preferences to developing countries; and, improvements in conditions of exchange. With Latin American external debt approaching \$340 bn, and new loans needed merely to finance the interest on this, Manuel Ulloa Elias, the former Peruvian Prime Minister and Chairman of the subcommittee, talked of a new determination among Latin American and Caribbean nations in gaining new terms for the repayment of foreign debt, together with improved conditions of development finance and foreign trade.<sup>14</sup>

● '... the terms and the cost of the debt are improving, but the solutions are still partial and incomplete'. Manuel Ulloa Elias of Peru, the Chairman of the working subcommittee. *OAS Press E-25/84*, 5 March 1984.

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### NORTH ATLANTIC TREATY ORGANISATION (NATO)

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#### ▲Nuclear Planning Group (NPG)

Cesme, Turkey, 3-4 April 1984

■ At the thirty-fifth annual NPG meeting, NATO Defence Ministers urged the Soviet Union to return 'without preconditions and without delay' to the Strategic Arms Limitation Talks (START) and the Intermediate-Range Nuclear Force (INF) negotiations in Geneva. The Soviet Union suspended its participation in these talks

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in Autumn 1983, when NATO began its European deployment of US Cruise and Pershing II missiles in the Federal German Republic, Italy, and the UK. While the Ministers reaffirmed NATO's 1979 commitment to station 468 Cruise and 109 Pershing II missiles in Europe by the end of this decade, the Soviet Union was criticised for the steps taken to deploy SS-12 and SS-20 missiles in Czechoslovakia and the German Democratic Republic for the first time (as a result of NATO's medium-range weapon deployment). According to the communiqué, NATO's stockpile in Europe had been cut by 2,400 warheads since 1979, bringing it to the lowest level in two decades. The Dutch government came under pressure, because its indecision over the 1979 commitment to allow the deployment of 48 US Cruise missiles in the Netherlands could result in a serious disruption to the programme. Another controversial issue was the Reagan Administration's strategic defence initiative, the so-called 'Star Wars' programme, designed to develop space-based technology to destroy Soviet missiles in various stages of flight. Some Western European Ministers were said to be concerned that the deployment of space weapons would have an adverse effect on public opinion and on efforts to maintain a balance of power between East and West.<sup>15</sup>

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### COMMODITIES

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#### ▲International Jute Council

Dhaka, Bangladesh, 9–13 January 1984

■The first meeting was held of the International Jute Council, which is the main organ of the International Jute Organisation, established under the International Agreement on Jute and Jute Products 1982.<sup>16</sup> This was the second of three new agreements concluded within the framework of UNCTAD's Integrated Programme for Commodities (the first being the International Natural Rubber Agreement, adopted in October 1979, and the third the International Tropical Timber Agreement, adopted in November 1983). The jute agreement does not contain price stabilisation mechanisms, in spite of the steadily falling levels of prices and exports.<sup>17</sup> It aims primarily to improve structural conditions and competitiveness in the market for jute and jute products. The Agreement was brought provisionally into force on 9 January 1984 by its twenty-three existing members: it could not take full effect because less than the required number of twenty importers, accounting for 65 per cent of imports had joined; five exporting countries—Bangladesh, China, India, Nepal, and Thailand—accounting for 99 per cent of world exports, were already members.

The main task of the Council involves the drawing up and implementation of projects in research and development, market promotion, and cost reduction. This first session considered proposals in jute agriculture and market promotion in cooperation with the FAO and the UNCTAD/GATT International Trade Centre. It elected A K Dutt of India as the first Executive Director, and Jürgen Brandenburg of the Federal German Republic as its Chairman.<sup>18</sup>

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### ▲ International Coffee Organisation (ICO)

Executive Board Meeting and Council Meeting

London, 13–22 February and 2–14 April 1984

■ Both these meetings involved **inconclusive discussions on ways of tightening the mechanisms of the International Coffee Agreement (ICA)** to improve control over the international coffee market. One of the main issues was how to check the rise in the price of coffee, with 2.3 mn bags of the 30 mn bag quota for the first half of the 1983–4 coffee year still unshipped. This phenomenon derived from factors such as rain damage in Brazil, drought in West Africa, logistical problems in East Africa, and political problems in Central America. Following longstanding pressure by consuming members, the ICO Council adopted a last-minute Colombian proposal to transfer 1 mn bags of coffee from the July–September export quota to the April–June quarter. This still proved to be controversial, since some consumers believed it could set a dangerous precedent for breach of strict ICO rules and procedures; however, with the price of coffee at 144 cents a pound (the highest level for four and a half years), despite two increases in the global quota already triggered when the ICO upper intervention limit of 140 cents was passed, it was generally felt that action was needed before a possible third increase at a price of 145 cents.

Agreement could not be reached on a number of other issues, including ways of encouraging producers to meet their full market shares, despite continued attempts to ensure that exporters with insufficient coffee to fulfil their quotas make declarations of shortfalls. The ICO again failed to resolve the problem of the two-tier coffee market, whereby non-ICO members can buy coffee at discounts of up to half the price paid by members. No progress, either, was made on the imposition of tighter limits on the amount of coffee that ICO members are allowed to import from non-members. All these issues will again be raised at the ICO Council in September 1984, when the difficult question of the allocation of 1984–5 quotas must also be decided.<sup>19</sup>

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### ▲ International Cocoa Organisation (ICCO)

Preparatory Talks for a new International Cocoa Agreement (ICCA) and Council Meeting

London, 16 January–3 February and 12–23 March 1984

■ Following continued lack of progress in the preparatory talks, the ICCO Council agreed to proceed as planned in May 1984 with the **Geneva negotiations for a new ICCA** to replace the present (inoperative) one, which is due to expire in September 1984. Despite the important breakthrough of the EEC finally adopting a coordinated position (on 13 March 1984), differences remained between producers and consumers, and within each group, over the principal methods of price support. Unable to share the producers' vision of a price stabilisation range to accommodate production and marketing costs, the EEC (under pressure from its chocolate industry to prevent the accumulation of a cocoa surplus) argued for measures based primarily on long-term market trends. It accepted producer demands for export quotas, only on condition that all major producing countries join, and that provisions are made to prevent the evolution of a two-tier market, whereby prices for non-members are charged at a discount to those paid by members. West African

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producers (including the Ivory Coast, currently a non-ICCA member) have proposed a prominent role for quotas as a means of curbing the anticipated expansion of cocoa production in Brazil and Malaysia. The participation of the Ivory Coast remains crucial to the success of any quota system, as does the position of the EEC overall, in view of the reluctance of the US (the world's largest consuming country and a current non-ICCA member) to participate substantively in the negotiations.<sup>20</sup>

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### ▲International Tin Council (ITC)

Council Session

London, 21–23 March 1984

■Ending speculation about a possible cut in the ITC floor price of 29.15 ringgit per kilo for tin, this eighth Council session reaffirmed the **continuation of export controls at a level of 22,000 tonnes during the second quarter of 1984**. The breakdown remained as follows: Australia, 2,125 tonnes; Indonesia, 5,526 tonnes; Malaysia, 9,128 tonnes; Nigeria, 341 tonnes; Thailand, 4,530 tonnes; and, Zaire, 350 tonnes. The Council agreed to freeze indefinitely buffer stock holdings of 23,707 tonnes of tin held under the previous (fifth) International Tin Agreement. Given the existing large tin surplus, it called on countries not already subject to export control to try to avoid any further increase in production. Appreciation was expressed for measures taken by members to curtail the illegal export of tin and import of concentrates from dubious sources, for smelting; further approaches are being made to all countries which import tin-in-concentrates for smelting from Singapore, and a working group is monitoring the situation. Following further discussions on the proposed establishment of a Kuala Lumpur tin market to replace the Penang market, and the planned introduction of a tin 'futures' market through the Kuala Lumpur Commodity Exchange, several technical details remained to be resolved, together with the question of whether the Buffer Stock Manager should operate on either or both of these markets.<sup>21</sup>

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### ▲International Sugar Organisation (ISO)

Consultative Group

London, 26 March–5 April 1984

■Following limited progress by this group at its previous two meetings,<sup>22</sup> further informal discussions among eighteen leading exporters and importers of sugar ended in agreement to hold a **third negotiating conference for a new International Sugar Agreement (ISA)** in Geneva in June 1984. No substantial progress was made on the really crucial unresolved issues behind the previous two failures to negotiate a new pact,<sup>23</sup> in particular the differences separating exporters over the allocation of market shares. With continuing conflict over individual stocking obligations, requests for reference export availabilities (a country's effective export entitlement) remained at 23.4 mn tonnes of sugar, against annual import demand of about 18 mn tonnes. The EEC argued for an REA of 5.4 mn tonnes compared with the 4.4 mn tonnes on offer, while Cuba demanded a higher allocation than the proposed 2.3 mn tonnes. On the next most divisive issue, Cuba's special trading arrangements with the

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Soviet Union and other Eastern bloc countries, Cuba again refused to accept the arguments of Australia and other countries that it accept much tighter control on such sales. Further work was carried out on the draft articles of the proposed new ISA being used as the basis of the Geneva negotiations. Although the new central mechanism had already been agreed, with exporters required to accumulate and release stocks at given trigger levels, no decision was taken on the price to be defended. Despite a consensus for holding the minimum at around 13 cents a pound (as under the existing ISA), the EEC still favoured 10 cents; the first release of stocks to stem rising prices looked set for 18 or 19 cents.<sup>24</sup>

● 'Delegates from many leading countries told me they consider the June session will have to be the last chance to have an agreement. In addition some of these countries need to reach agreement on a new pact by the beginning of July for it to come into force on 1 January for legal, constitutional and administrative reasons'. Jorge Zorreguieta of Argentina, Chairman of the International Sugar Conference and the Consultative Group. *Reuter Sugar Newsletter* No. 69/84, 6 April 1984.

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### SOUTH-SOUTH

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▲ Contadora Group  
Foreign Ministers Meeting  
Panama City, 8 April 1984

■ In their continued efforts to bring about the demilitarisation of Central America, and a negotiated settlement of the region's political conflicts, the Foreign Ministers of the Contadora Group (Colombia, Mexico, Panama, and Venezuela)<sup>25</sup> criticised US military manoeuvres in Honduras and support for Nicaraguan rebels as 'intensifying tensions and deepening mistrust'. Pointing to continued destabilisation and renewed deterioration in regional relations, they noted the introduction of 'sophisticated weapons, novel military methods and dangerous types of attack'; serious economic and commercial damage was resulting from the US-backed mining of Nicaraguan ports, which had drawn widespread international criticism, even by US allies such as France and the UK (with France offering to assist in the removal of the mines). The Ministers urged the governments of Central America to act in the spirit of conciliation of the peace plan agreed in January 1984,<sup>26</sup> and the US and Cuba to prove with deeds as well as words that they support the Contadora attempt to achieve a negotiated peace.

● 'We believe that the US and Cuba can contribute to negotiated solidarity in the region'. They '... have to prove with deeds that they are supporting the Contadora effort that in our opinion is the least costly, politically and socially'. Oyden Ortega, the Panamanian Foreign Minister. *IHT* 10 April 1984, p 1.

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▲ Organisation of Petroleum Exporting Countries (OPEC)  
Monitoring Committee Meeting  
Vienna, 8 March 1984

■ The Monitoring Committee welcomed the increase in world consumption of oil

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in the first quarter of 1984, attributing this to a combination of severe weather conditions in the West, and economic upturn, particularly in the US. The impact on the demand for OPEC oil had, however, been limited by a heavy drawdown of stocks and a rise in non-OPEC supply. Although the Committee detected no significant violations of the price and quota provisions of OPEC's March 1983 London agreement, it stressed the importance of continued strict observance, in view of the expected fall in demand for OPEC crude to 16.5mn b/d in the second quarter of 1984. Contrary to prior speculation, Nigeria did not request an increase in its OPEC output quota: Tam David-West, the new Nigerian Oil Minister, told the Committee's four regular members (Algeria, Indonesia, Venezuela and the United Arab Emirates) that Nigeria would stick by the London agreement in spite of the urgent need for an increase in its 13mn b/d quota.<sup>27</sup>

● 'We felt that we should let the market consolidate and we are stressing the importance of keeping the ceiling at its present level of 17.5mn b/d and the reference price at \$29 a barrel'. Mana Said al-Oteiba, the UAE Oil Minister and Chairman of OPEC's Monitoring Committee. *IHT* 10-11 March 1984, p7.

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### ▲Islamic Conference Organisation (ICO)

Summit Meeting

Casablanca, 16-19 January 1984

■ This fourth summit in the ICO's fifteen-year history was attended by forty delegations, including twenty-five leaders, from forty-five member countries.<sup>28</sup> The absence of Jordan, Syria, Libya, Iran, and Algeria, was said to have limited the ability to confront the main issues, which included the **Middle East crisis, the split within the Palestine Liberation Organisation, the Iran-Iraq war, and the Soviet intervention in Afghanistan**. A decision was taken to reaffirm support for the liberation of Jerusalem and the occupied Arab Territories, together with continued backing for the rights of the Palestinian people in their national homeland under the leadership of the PLO. Little headway was made on the Gulf War, since Iran boycotted the summit, charging that it was biased in favour of Iraq. The readmission to the ICO of Egypt, which was suspended after signing the 1979 Camp David peace treaty with Israel, continued to divide the so-called moderate and hardline countries. The summit approved by consensus a proposal to end the suspension of Egypt on condition that it endorsed all joint Arab positions on the Middle East.<sup>29</sup>

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### ▲Interstate Committee for the Combat of Drought in the Sahel (CILSS)<sup>30</sup>

Sixth Summit

Niamey, Niger, 29-31 January 1984

■ **Drought and food shortage in the Sahel** were discussed by Cape Verde, Chad, The Gambia, Mali, Mauritania, Niger, Senegal, and Upper Volta, the eight members of CILSS.<sup>31</sup> Apart from the usual appeal for funds, it was agreed that more regionally concerted action was required within CILSS to fight the declining level of food self-sufficiency in the region. Edouard Saouma, the Director of the Food and Agriculture Organisation, suggested the formation of a 'grain common market', in order to 'stem the flow of grain to the relatively wealthy coastal countries', such as the

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Ivory Coast and Nigeria. He pledged the support of the FAO to CILSS efforts to form grain security stocks through the creation of a Sahel regional cereal division. Since the import of grain does not contribute to the priority given by CILSS to food self-sufficiency, the importance of a regional food strategy was reiterated. This would involve such considerations as improved irrigation through the use of village wells, and the control of overgrazing and deforestation, which are encouraging the advance of the desert. In the final communiqué—the 'Niamey Appeal'—donors were asked to support the formation of a 'Sahel Fund' for the finance and coordination of food strategies.<sup>33</sup>

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▲Southern African Development Coordination Conference (SADCC)  
Annual Conference  
Lusaka, 2-3 February 1984

■At the annual meeting with international aid donors, ministers from the nine SADCC countries<sup>33</sup> urged increased funds for the development of sectors in which SADCC is trying either to become self-sufficient or reduce dependence on South Africa. **Agriculture was the focus of attention**, because of the devastating effects on food production of the drought, and the run-down of grain reserves in its third year. Although incentives to farmers within SADCC have improved, the FAO predicts that the drought alone will cause a shortfall in basic grain requirements of 1.7 mn tonnes in 1984 (with South Africa likely to suffer a similar deficit). Except for Botswana (which has diamonds), none of the SADCC countries can afford the necessary cereal imports, which have already eaten into their reserves of foreign exchange. Despite a request for \$300 mn in emergency food aid, only Australia was willing to make an immediate commitment, leaving SADCC with only about \$100 mn for the present. SADCC continues to make progress in other areas, including the priority transport and communications sector, as well as industry, energy, and manpower development—all of which received pledges of financial and technical support. In addition to the usual condemnation of South Africa's regional destabilisation policies, a reference in the communiqué to 'apparent signs of a less aggressive stance by South Africa' caused some controversy within the region, in view of the unwavering commitment of the regional freedom fighting groups to the defeat of the South African government.<sup>34</sup>

●'The evil of *apartheid* grows daily more menacing for all of Southern Africa. We are witness not to a process of amelioration at home, but of escalation abroad. To human degradation is now added national destabilisation beyond South Africa's borders and on a more massive scale than ever before. Encouraged by the unlawful military intervention of others in other regions, South Africa has assumed a new militarism that seeks to bludgeon an entire region into submission'. Shridath Ramphal, the Commonwealth Secretary-General, in a statement to the SADCC Conference. *Commonwealth Information*, 2 February 1984.

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▲Angola-South Africa-US  
Tripartite Meeting  
Lusaka, 16 February 1984

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■ Angola and South Africa, meeting for the first time in tripartite session with the US, agreed to form a **joint commission to monitor the ceasefire in southern Angola**, which followed from the announcement by South Africa on 31 January 1984 that it would withdraw its forces from the region. The talks were hosted by President Kaunda of Zambia, with Angola represented by Alexandre Rodriguez, its Interior Minister, South Africa by Pik Botha, the Foreign Minister, and the US by Chester Crocker, the Assistant Secretary of State for African Affairs. South African troops have been stationed in southern Angola for over two years, in an effort to halt the operations of the South West Africa People's Organisation (SWAPO) which has since the mid-1970s used the territory as a military base from which to launch attacks into Namibia, whose illegal occupation by South Africa it is seeking to end. The most recent South African offensive, believed to have involved 2,000 troops, was launched in December 1983, and was reportedly intended to pre-empt SWAPO's annual rainy season drive from Angola into Namibia. An undisclosed date was set for the complete withdrawal of South African troops from Angola, subject to the condition that neither Cuban troops nor SWAPO guerrillas would be allowed to move southwards through the withdrawal area. The joint commission, composed of several hundred Angolan and South African military personnel, would hold meetings in different areas of southern Angola to ensure that the terms of the arrangement were being observed.

This latest agreement was hailed in the Western Press as potentially opening the way to a wider peace settlement in the region and to independence for Namibia; however, it was seen in other quarters as potentially allowing South Africa to subjugate Angola and Mozambique, which would be a setback for Namibian and South African independence.<sup>35</sup> The most likely compromise would require Angola to phase out an estimated 20,000 Cuban troops from its territory, at the same time as South Africa's presence in Namibia itself is run down, as is called for in UN Resolution 435. South Africa, for its part, would have to drop its insistence on the removal of all Cuban troops before implementation of the UN plan. Sam Nujoma, the leader of SWAPO, said that SWAPO would temporarily honour this latest accord, but pledged to continue the struggle against South Africa for the independence of Namibia.<sup>36</sup>

● 'Angola wants peace . . . South Africa wants peace. And this is what we've done now. We've taken a very important step on that road'. Pik Botha, the South African Foreign Minister. *IHT* 17 February 1984, p1.

'SWAPO fights in Namibia itself. The struggle will continue until Namibia is free'. Sam Nujoma, the leader of SWAPO. *IHT* 18-19 February 1984, p2.

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### ▲ Angola-South Africa Joint Commission Emergency Meeting Cuvélai, Angola, 25 February 1984

■ Following its inaugural meeting in Lusaka on 16 February 1984, the Angola-South Africa joint commission met to investigate claims by South Africa that the ceasefire agreement reached in Lusaka on the same date had been breached by SWAPO guerrillas infiltrating into northern Namibia from Angola. According to Pik

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Botha, the South African Foreign Minister, 800 SWAPO guerrillas had moved through southern Angola, with 200 already over the border into the Ovambo and Western Kavango areas of Namibia. Although Angola acknowledged that it had little control of SWAPO groups already moving southwards, South Africa claimed the action to be a breach of the ceasefire, with SWAPO trying to pass as many men as possible into Namibia before the joint commission could take effective action. A reciprocation of this concern by Angola, together with a promise to consider ways of stopping the SWAPO activities, was enough to convince South Africa that the Angolan government would uphold the Lusaka agreement.<sup>37</sup>

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### ▲Angola-Cuba Summit Meeting

Havana, 19-20 March 1984

■A conditional offer by Presidents dos Santos of Angola and Castro of Cuba for the **phased withdrawal of Cuban troops from Angola** provoked angry reaction in South Africa. The offer repeated requirements laid down when the leaders met in February 1982, incorporating the unilateral withdrawal of South African troops from Angola; the strict application of UN Security Council Resolution 435 on the independence of Namibia; and the cessation of acts or threats of aggression against Angola by South Africa and the US and of all help to UNITA and other dissident groups in Angola. The joint communiqué was held by Pik Botha, the South African Foreign Minister, to contradict the spirit of the newly-signed Lusaka security accord between Angola and South Africa, both in these conditions, and in its expression of solidarity and admiration for 'the heroic struggle being waged by the peoples of Namibia and South Africa under the direction of their sole and legal representatives, SWAPO and the ANC, against the disgraceful *apartheid* regime . . .' The difference was patched up by 27 March 1984, when South Africa accepted that Angola's support for the liberation movements merely confirmed 'positions of principle', and had no direct bearing on the validity of the Lusaka accord. Angola accused South Africa of ignoring the Cuban troop withdrawal offer, which it saw as the most important part of the statement.<sup>38</sup>

●'If the Angolan government is so strongly committed to solidarity with SWAPO's "heroic struggle", then its continued role in the monitoring commission makes no sense'. Pik Botha, the South African Foreign Minister. *IHT* 21 March 1984, p1.

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### ▲Mozambique-South Africa

Ministerial Meeting

Maputo, 20 February 1984

■In the shadow of the Angolan-South African ceasefire agreement in Lusaka, the process of regional détente continued with steps taken by Mozambique and South Africa towards the signing of a **formal non-aggression pact**. The talks, with delegations headed respectively by President Samora Machel of Mozambique and Pik Botha, the South African Foreign Minister, were a sequel to discussions at a lower level in Maputo and Pretoria during January 1984.<sup>39</sup> With the two countries involved in an undeclared state of war since Mozambique's independence in 1975,

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such an agreement would indicate the end of South Africa's support for the rebel Mozambique National Resistance Movement (MNR), and positive efforts by the Mozambican government to prevent the African National Congress (ANC) from using its territory as a springboard for attacks on South Africa.<sup>40</sup> South African security sources contend that 90 per cent of terrorist and sabotage attacks in South Africa during the past two years have been planned and executed by ANC members operating from Maputo. South Africa has mounted three major retaliatory raids into Mozambique, ostensibly against ANC bases. While South Africa has never accepted allegations that it has backed the MNR, under the terms of any non-aggression pact, Pik Botha promised to 'use his influence' to curb the movement's activities in Mozambique. With Mozambique's economic problems compounded by drought as well as by terrorist activity, the country stands to gain substantially from the normalisation of trade and tourism relations with South Africa, as well as the resumption of full power supply from the Cabora Bassa dam in northern Mozambique, which has been disrupted by the rebels.<sup>41</sup>

● 'I look forward to the next few months, during which we will have to build trust and alleviate suspicion'. Pik Botha, the South African Foreign Minister. *The Guardian* (London) 21 February 1984, p1.

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### ▲ Mozambique-South Africa Ministerial Meeting Cape Town, 2 March 1984

■ The Mozambican and South African delegations reconvened in Cape Town, and agreed to establish a **joint security commission to supervise a non-aggression pact** to be signed shortly. Although there were no admissions about support for terrorist activity, the central provision of the pact was that 'neither of the two governments would serve as a base for acts of aggression or violence against each other'. General Jacinto Veloso, the Mozambican Minister for Economic Affairs, dismissed reported accusations by other black governments that Mozambique had 'sold out' the ANC.<sup>42</sup>

● 'The essential point of the agreement is that the territory of my country will not serve as a base for violent acts against South Africa and vice-versa'. General Jacinto Veloso, the Mozambican Minister for Economic Affairs. *The Times* (London) 3 March 1984, p5.

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### ▲ Mozambique-South Africa Summit Meeting Komatipoort, South Africa, 16 March 1984

■ President Samora Machel of Mozambique and P W Botha, the South African Prime Minister, met on the border of the two countries and signed the first **agreement of non-aggression and cooperation** between South Africa and any of the other Southern African states. The agreement committed both countries to prevent their territories, waters and airspace from being 'used as a base, thoroughfare, or in any other way by another state, government, foreign military forces, organisations or



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individuals which plan or prepare acts of violence, terrorism or aggression' against the other. Although South Africa had hoped that the heads of other regional states would attend the ceremony, only Prince Bhekimpi Dlamini, the Prime Minister of Swaziland, accepted the invitation. Although there remains much suspicion about South Africa's motives, the other regional leaders sent President Machel messages of support. The ANC described the pact as a Boer ploy to neutralise the armed struggle by the oppressed black majority and transfer the Frontline States into South Africa's 'client states'. It pledged to intensify its political and military offensive inside South Africa.<sup>43</sup>

● 'We are both African countries, inhabited by African peoples whose past and whose future are firmly entrenched in the southern part of the African continent. We are of Africa'. P W Botha, the South African Prime Minister. *The Times* (London) 17 March 1984, p5.

'We shall continue to be aware of the remaining contradictions but we recognise that we are indissolubly linked by geography and proximity. We do not want Southern Africa, and our two countries in particular to be the theatre for a generalised conflict'. President Samora Machel of Mozambique. *IHT* 17-18 March 1983, p1.

'This is not something freely entered into but more out of fear. We are all being pressured into signing accords like that'. President Quett Masire of Botswana. *The Observer* (London) 18 March 1984, p7.

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### ▲ Botswana-South Africa

#### Ministerial Meeting

Cape Town, 22 March 1984

■ Delegations led by Archie Mogwe and Pik Botha, the respective Foreign Ministers of Botswana and South Africa, drew up a **proposal on mutual security** for consideration by their governments. No details were available, but the most sensitive issue was thought to be Botswana's treatment of South African political refugees. The government of President Quett Masire has been prepared to provide sanctuary, but has banned political activity and limited the ANC to a low-key diplomatic presence.<sup>44</sup>

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### ▲ Organisation of African Unity (OAU)

#### Ministerial Meeting

Addis Ababa, 27 February-6 March 1984

■ The OAU Foreign Ministers were able to hold their first budget session since the turbulent meeting of February 1982, where the attempted seating of a Sahrawi Arab Democratic Republic (SADR) delegation caused the first of several OAU meetings to be abandoned.<sup>45</sup> On the present occasion, following a meeting with the OAU Chairman, Mengistu Haile Mariam of Ethiopia, the SADR announced that it would stay away from the meeting as 'a demonstration of its cooperation with the OAU'. The Chad and Western Sahara disputes were deferred to the OAU's summit at Conakry in May 1984, in order to allow discussion of **pressing financial problems**. Since only \$7.49 mn of member contributions to the \$23.6 mn 1983-4 budget had

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been paid by the end of 1983, arrears running at \$27.05 in June 1983 now totalled \$43.17 mn. With only 40 per cent of the budget received from member states since the OAU was formed, and only five countries having paid their full contributions, Nigeria proposed that debtor states with unpaid arrears equal or in excess of their annual contributions should be penalised through the withdrawal of their voting rights at OAU meetings. The ministers approved a 1984-5 budget of \$35.3 mn, whose 7.17 per cent increase on the previous year was held by Peter Onu, the OAU interim Secretary-General, to represent the 'barest minimum' of needs. The OAU's financial problems were worsened by the requests of Nigeria, Senegal, Congo, Kenya, and Zaïre for a refund of the expenses they incurred in the OAU's 1982 peacekeeping force in Chad—which amount to \$80 mn for Nigeria alone. The main political declaration involved the **repeated denunciation of South Africa's regional occupation and destabilisation policies**, with 'sympathy and understanding' expressed for the 'recent diplomatic efforts undertaken by Angola and Mozambique to preserve their independence and national sovereignty'.<sup>4</sup>

● '... it is the desire of the African people to promote their development on paths which they themselves have chosen, free from interference and from direct or indirect pressure. The principal desire of the African people is for peace and security. The principal issue confronting the African people is how to avoid once again falling under the divisive shadow of the imperialists and colonialists who have exploited them for many decades ...'. Mengistu Haile Mariam of Ethiopia, the OAU Chairman. *BBC Summary of World Broadcasts* ME/7580/8/4, 1 March 1984.

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### FOOTNOTES

<sup>1</sup> *UNCTAD BULLETIN* No. 199, February 1984, *UNCTAD Press Release* TAD/INF/1534, 1 February 1984, TAD/INF/1538, 8 February 1984, and TAD/INF/1542, 13 February 1984.

<sup>2</sup> *UNCTAD Press Release* TAD/INF/1530, 16 January 1984, and TAD/INF/1532, 23 January 1984. *Examination and Recommendation of Possible Principles for Developing Model Rules for Multimodal Container Tariffs*—UNCTAD document TD/B/C.4/AC.5/2, 11 November 1983.

<sup>3</sup> The questionnaire, which received responses from 305 companies in thirty-five countries, showed that importers bought 47.3 per cent of crude oil and 27 per cent of petroleum products from affiliates, with corresponding figures of sales for exporters 22.7 per cent and 33 per cent.

<sup>4</sup> 32.9 per cent for crude oil and 26.6 per cent for petroleum products

<sup>5</sup> *Unctad Press Release* TAD/INF/1533, 31 January 1984, and TAD/INF/1536, 6 February 1984.

<sup>6</sup> *Review and Analysis of Possible Measures to Minimise the Occurrence of Maritime Fraud and Piracy. Report by the UNCTAD Secretariat* TD/B/C.4/AC.4/2 21 September 1983.

<sup>7</sup> *UNCTAD Press Release* TAD/INF/1537, 6 February 1984, TAD/INF/1539, 8 February 1984, TAD/INF/1540, 9 February 1984, TAD/INF/1541, 13 February 1984, TAD/INF/1548, 20 February 1984, *IHT (International Herald Tribune)* 13 February 1984, p. 9.

<sup>8</sup> *UNCTAD Press Release* TAD/INF/1543, 14 February 1984, TAD/INF/1546, 15 February 1984, TAD/INF/1547, 17 February 1984, and TAD/INF/1549, 23 February 1984.

<sup>9</sup> *UN Press Release* FAO/3300 WFP/734, 6 March 1984, and FAO/3297 WFP/732, 6 March 1984.

<sup>10</sup> *IMF Survey* 26 March 1984, p. 1, *IHT* 2 April 1984, p. 1, and 16 April 1984, p. 15, *Financial Times* (London) 5 April 1984, p. 26, 13 April 1984, p. 6, 14 April 1984, p. 1, and 16 April

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- 1984, p 2. *The Times* (London) 12 April 1984, p 21, and 14 April 1984, p 21. *Daily Telegraph* (London) 14 April 1984, pp 6 and 17.
- <sup>11</sup> *EUROPE* (Brussels) No. 3786 10 February 1984, p 6, No. 3787 11 February 1984, p 5, No. 3788 13/14 February 1984, p 11. *The Courier* (Brussels) March–April 1984, pp i–iv. *West Africa* (London) 20 February 1984, p 398.
- <sup>12</sup> *EUROPE* No. 3797 25 February 1984, pp 10–11. *West Africa* (London) 5 March 1984, p 488.
- <sup>13</sup> Antigua and Barbuda, Argentina, Bahamas, Bolivia, Brazil, Colombia, Costa Rica, Chile, Dominica, the Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, the US, Uruguay, and Venezuela.
- <sup>14</sup> *OAS Press E-13/84*, 1 February 1984, E-25/84, 5 March 1984, and E-28/84, 9 March 1984. *Financial Times* (London) 7 February 1984, p 3.
- <sup>15</sup> *Financial Times* (London) 3 April 1984, p 2 and 5 April 1984, p 2. *The Times* (London) 5 April 1984, p 6. *IHT*, 5 April 1984, p 5.
- <sup>16</sup> See *Third World Quarterly* 5(1) January 1983, pp 164–5.
- <sup>17</sup> Jute fibre exports dropped from 785,000 tonnes per year in the period 1972–4 to 503,000 tonnes in 1982–3 and, according to the FAO Intergovernmental Group on Jute, are likely to decline to 435,000 tonnes in 1983–4. Prices of standard grade fibre from Bangladesh fell from £208 per long ton in 1978 to £190 per long ton in 1983. Exports of jute products have fluctuated around a level of about 1,250,000 tonnes since 1972–4, thanks mainly to trade liberalisation measures in the EEC and other Western countries. Prices have declined by about 50 per cent, with Bangladesh hessian dropping from \$30 per 100 yards in 1979–80 to \$18 in 1983.
- <sup>18</sup> *UNCTAD Press Release TAD/INF/1529*, 9 January 1984, and TAD/INF/1531, 16 January 1984.
- <sup>19</sup> *Reuter Coffee Newsletter* No. 65/84, 2 April 1984, and No. 75/84, 16 April 1984. *The Guardian* 27 February 1984, p 17, and 16 April 1984, p 15. *IHT* 16 April 1984, p 17.
- <sup>20</sup> *Reuter Cocoa Newsletter* No. 25/84, 6 February 1984. 52/84, 14 March 1984, No. 54/84, 16 March 1984, and No. 57/84, 21 March 1984.
- <sup>21</sup> *ITC Press Communiqué* 23 March 1984. *Reuter Metal Newsletter* No. 57/84, 21 March 1984, and No. 60/84, 26 March 1984.
- <sup>22</sup> See *Third World Quarterly* 5(4) October 1983, p 936, and 6(2) April 1984, p 472.
- <sup>23</sup> See *Third World Quarterly* 5(4) October 1983, pp 934–6, and 6(1) January 1984, pp 191–2.
- <sup>24</sup> *Reuter Sugar Newsletter* No. 63/84, 29 March 1984, and 69/84, 6 April 1984; *The Guardian* (London) 9 April 1984, p 24; *Financial Times* (London) 12 April 1984, p 40.
- <sup>25</sup> Rodrigo Lloreda of Colombia, Bernardo Sepulveda of Mexico, Oyden Ortega of Panama, and Isidro Morales of Venezuela.
- <sup>26</sup> See *Third World Quarterly* 6(2) April 1984, p 474.
- <sup>27</sup> *Middle East Economic Survey* (Nicosia) 12 March 1984, p A1.
- <sup>28</sup> Brunei became the ICO's forty-fifth member after gaining independence on 1 January 1984.
- <sup>29</sup> *BBC Summary of World Broadcasts* ME/7546/A/3, 21 January 1984, and ME/7547/A/3, 23 January 1984; *IHT* 17 January 1984, p 2, and 19 January 1984, p 2; *The Times* (London) 20 January 1984, p 6.
- <sup>30</sup> CILSS is the French acronym from Comité Interétatique Pour La Lutte Contre La Secheresse Dans Le Sahel.
- <sup>31</sup> Leaders of all countries were present, except Mauritania and Upper Volta, which were represented at ministerial level.
- <sup>32</sup> *West Africa* (London) 13 February 1984, p 311.
- <sup>33</sup> Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia, Zimbabwe.
- <sup>34</sup> *SADCC Lusaka Communiqué*, 2–3 February 1984; *The Economist* (London) 11 February 1984, p 74.
- <sup>35</sup> 'Peace, But at What Price?', *South* (London) May 1984, p 6.
- <sup>36</sup> *BBC Summary of World Broadcasts* ME/7570/B/3, 18 February 1984. *The Guardian* (London) 17 February 1984, p 1. *IHT* 17 February 1984, p 1, and 18–19 February 1984, p 2. *The Times* (London) 18 February 1984, p 5.

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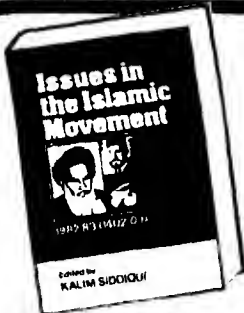
- <sup>87</sup> *BBC Summary of World Broadcasts* ME/7578/B/2, 28 February 1984; *The Times* (London) 25 February 1984, p 6, and 27 February 1984, p 6.
- <sup>88</sup> *BBC Summary of World Broadcasts* ME/7597/B/2, 21 March 1984, and ME/7598/B/5, 22 March 1984; *Financial Times* (London) 21 March 1984, p 4; *The Times* (London) 21 March 1984, p 8, and 28 March 1984, p 8.
- <sup>89</sup> See *Third World Quarterly* 6(2) April 1984, p 479.
- <sup>90</sup> President Machel would retain the right to give political, diplomatic and moral support to the ANC, but would crack down more firmly on the use of Mozambique as an infiltration route into South Africa and base for the planning of sabotage attacks.
- <sup>91</sup> *The Times* (London) 20 February 1984, p 4, and 21 February 1984, p 6; *The Guardian* (London) 21 February 1984, p 1; *Daily Telegraph* (London) 21 February 1984, p 1. See also *South* (London) May 1984, p 6 ('Peace, But at What Price?').
- <sup>92</sup> *The Times* (London) 3 March 1984, p 5; *Financial Times* (London) 3 March 1984, p 2.
- <sup>93</sup> *IHT* 17-18 March 1984, p 1; *The Times* (London) 17 March 1984, p 5; *Daily Telegraph*, 17 March 1984, p 6.
- <sup>94</sup> *Financial Times* (London) 23 March 1984, p 3.
- <sup>95</sup> See *Third World Quarterly* 4(3) July 1982, p 422. Twenty-eight countries now recognise the SADR, the latest being Mauritania and Upper Volta, whose decisions coincided with this meeting. Mauritania, which sided with Morocco for four years in its war in Western Sahara with the Polisario Front, dropped out in 1979. It announced in November 1983 that it would recognise the SADR if Morocco failed to hold a referendum on the territory by the end of 1983, in accordance with an OAU resolution (see *Third World Quarterly* 5(4) October 1983, pp 939-40). The Polisario should be able to use Mauritanian territory as a supply route to its forces in the Western Sahara, an issue which has taken on increased importance following the construction of a new defensive wall by Morocco.
- <sup>96</sup> *West Africa* (London) 12 March 1984, p 548; *IHT* 6 March 1984, p 6; *The Guardian* (London) 28 February 1984, p 6; *The Times* (London) 7 March 1984, p 7; *BBC Summary of World Broadcasts* ME/7587/B/1, 7 March 1984.

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FEATURE REVIEW

## America's New Cold War

*Fred Halliday*

**Dead Ends: American foreign policy in the New Cold War**

Stanley Hoffmann

Cambridge, Massachusetts: Ballinger. 1983. 299pp. £21.00

**Peddlers of Crisis: The Committee on the Present Danger and the politics of containment**

Jerry W Sanders

London: Pluto Press. 1983. 371pp. £5.95pb

**The Limits and Possibilities of Congress**

Philip Brenner

New York: St Martin's Press. 206pp. np

**America and the Americans**

Edmund Fawcett and Tony Thomas

London: Fontana. 1983. 486pp. £2.95pb

The onset of the quadrennial US election campaign reminds all of us of the particular features of that country's political processes, both enraging and fixating. It is not just the weaker Third World victims of US foreign policy who have to halt and wait whilst the electorate of the fifty states chooses its new President, but also the allies of the Western world's leading member. And for the USA's main interlocutor, the USSR, this repeated interruption of East-West negotiation has led on more than one occasion to the loss, amidst the callow enthusiasms of a new Administration, of much that had been gained through careful negotiation under its predecessor.

This unpredictability, indeed fickleness, of the US polity is compounded by certain ingrained features of US political culture, which manifest themselves as much in international as in domestic affairs. One is a cult of strength, of both its substance and its manifestations. Whatever its roots in a pioneer nation where an ideal of rugged, assertive individualism remains strong, there can be no doubting the way in which such images pervade the rhetoric and the policies of US presidents. There is nothing worse than appearing weak in the face of foreign challenges—even where, as in Grenada or in Libya, the threat itself is of a disproportionately small kind. In dealing with the USSR, no politician can afford to underestimate the incessant streak of anxiety and self-pity that pervades US political discussion, even as America maintains, as it always has, a substantial margin of superiority in both conventional and nuclear forces.

Such is the force of these self-created images that it is not surprising that US politicians, and their electors, spare too little time for the reality of the world beyond their prosperous frontiers, or for the historical forces and events that have created the world as we know it. The 'strategic narcissism' of US foreign policy has to deny the external world, whether this be in other places or in other times. Only the eternal, self-generated present involving an unstable blend of braggadocio and self-doubt, can provide a safe context for the US's living-out of its global dream-life. And the difficulty is that we all become involved in it: too many critics within the US decide to adopt the idiom of the consensus to win an audience, whilst those in the rest of the world cannot avoid the influence of what remains the world's most militarily powerful and wealthy state.

Yet this very instability serves not only as an irritant but also as an object of intense interest and attraction for the rest of the world. That the American dream actually satisfies so few only serves as testimony to how enormous and comprehensive in its aspirations it is. Everyone has to smile. And because it is impermanent, the state of US politics always provides hope. Perhaps this year, there will be a shift on the Palestine question; or on North-South relations; or on strategic nuclear weapons; or on Central America; or on the Law of the Sea. We cannot ignore the US, and so we cannot cease to await changes that will have positive benefits elsewhere in the world. Part of the hegemony of the US lies in this double entrancement—both paralysing and alluring at the same time.

It has been one of the strengths of the US that for all the continuity of Cold War thinking, and the eagerness of decades of journalists and academics to serve it, there has also been an opposite tendency, courageous and disunited it may be, that has



doggedly criticised the policies and underlying assumptions of Washington's approach to the outside world. Some of the best critical work on the arms race, and on the Third World, is done within the very confines of the imperialist state. The work of such writers as William Appleman Williams, Noam Chomsky, Richard Barnet, Gabriel and Joyce Kolko, Michael Klare and Seymour Hersh is illustrative of this tendency. In the field of Third World studies, such classics as Edgar Snow's *Red Star Over China* and C Wright Mills' *Listen Yankee!* are amongst the most famous and enduring. In the gathering storm of the new Cold War, it is therefore refreshing and reassuring to find in the writings of Stanley Hoffmann, Professor at Harvard University, a cogent, rigorous and original critique of the foreign policy pursued by successive US governments, from the Nixon-Kissinger détente, through Carter, to what Hoffmann terms the 'new orthodoxy' of the Reagan Administration.

Hoffmann identifies ten major themes, what he terms a 'decatalogue', that underlie the Reagan view of the world. This baleful list includes the need to build up the US's military power, a stress on confrontation with the Soviet adversary, attribution of the world's major problems to the USSR, strategies of exploiting Soviet weaknesses, and a general policy of demonstrating strength and decisiveness. In this decatalogue, most of the Third World's problems are caused either by Soviet interference, or by a lack of sufficient development effort on their own behalf. He also analyses underlying attitudes within US foreign policy that impede the elaboration of an alternative foreign policy: the belief that total harmony and resolution of the world's problems is possible, and the temptation to assert American power as the supreme arbiter of world affairs.

His own approach is clearly and systematically distinct. Time and again he criticises the view that power can be reduced to military power. He shows that the Soviet Union and the US have not, despite their unchallenged nuclear supremacy, been able to resolve the world's key problems, and that there is no solution to the problems America faced in the 1970s in a new military expansion of the Reagan variety. As a proponent of what has come to be known as 'interdependence', Hoffmann also argues that it is no longer possible for the major states to insulate their domestic from their foreign policies, or to view their international position in separation from the tissue of economic and communications links that now intersect the developed world. But if he is emphatic on the decline of states' powers in the classical sense, he is equally alive to the rise of nationalism, divisiveness and regional conflict in a world far more complex than that of the late 1940s, when the currently reigning assumptions of US foreign policy were established. Before discussing the 'new orthodoxy' Hoffmann gives a succinct overview of the practitioners that produced it, Nixon, Kissinger, and Carter. He shows where, in his view, they succeeded, and also where they failed. Nixon and Kissinger did not understand change in the Third World—an area of the globe for which they had overt contempt and about which they learnt little. Carter failed to evolve a coherent policy at all, or to secure domestic support for his initiatives. Neither Administration was able to develop a successful policy towards the USSR. It is here that Hoffmann broaches what are the two most difficult problems for anyone, such as himself, who approaches the issue of US foreign policy from a critical liberal position—the Soviet Union and social revolution.

Hoffmann's argument on the USSR is that the US should not overstate the power of Moscow, and should have limited objectives in dealing with it. The demonic images of Reagan, and the inflated claims of détente, are both doomed to impasse. The common

interests that do exist should be built upon. Elsewhere, rules for competition should be worked out, to cover arms control, economic relations, and regional conflicts. In dealing with countries that face revolutions, the US should avoid the temptation to see these upheavals as products of Soviet policy. It should learn to live with revolutions, what Hoffmann sees as 'the key issue for the rest of the century'.

Hoffmann is shrewd, humane, intelligent and independent. But he is perhaps too tidy. One can sense the rationalist urge as he repeatedly lists the 'three points' around which one argument or another revolves. And his tidiness means that he has to sweep rather too much under the carpet. The aberrations of Kissinger and Carter were not just those of a particular leadership, but reflected much about the US polity itself—its institutions, social forces, fashions and political culture. This is one reason why advice as good as Hoffmann's is likely to be ignored. The problem of revolutions is also more difficult than he admits: they are not just explosions of the just within specific states, but produce their own revolutionary interdependence, by encouraging, even if they do not help to organise, upheavals in similar and neighbouring states. It is not clear what he would do about El Salvador, for example. There is more than a speck of truth in the right-wing argument that social revolution in the Third World does pose a threat to the US conception of political and economic order. To support such revolutions does not entail understating their significance. And in his pleas for understanding of the USSR, one can see, again, that tendency for US liberal opponents of the Cold War to underestimate the Soviet Union's conception of its own 'internationalist role' which was so evident in the mid-1970s and which was rather rudely challenged by Angola, Ethiopia and Afghanistan.

Jerry Sanders' *Peddlers of Crisis* is a study of the Committee on the Present Danger, one of the groups within US politics that has sought to promote a Cold War policy. Founded first during the first Cold War of the late 1940s it was revived in 1976 as an elite body committed to exaggerating the Soviet threat and influencing the Presidency directly. It launched a wide-ranging attack on the Carter Administration's policies and was able to play a considerable part in the swing to the right that characterised Carter's last two years; but it was not satisfied with this victory, and then put its weight behind the Reagan candidacy. Among those CPD members now established in the administration are the President himself, Secretary of State George Shultz, CIA Director William Casey, Arms Control and Disarmament Agency Director Kenneth Adelman, chief intermediate range nuclear weapons negotiator Paul Nitze, and Jeane Kirkpatrick, US delegate to the United Nations.

The CPD operates at several levels of the US political system: lobbying office-holders and seeking to put its members into high places; pressing Congress; influencing the press; and mobilising support from the universities. But as Sanders' book brings out, it is itself a product of the diverse forces that go to make up the Cold War coalition in the US, including the trade unions: the AFL-CIO's leader, Lane Kirkland, has been a prominent member of the CPD since the re-launch in 1976. To understand how it can operate, it would however be necessary to link it to those broader features of US politics which allow a group so ignorant, mendacious and plain silly as the CPD to have the impact that it does.

Philip Brenner has set out to study how the policies of the US Congress are arrived at. His study covers Congressional action on policy towards Cuba and on reform of higher education, and challenges the prevailing assumptions about Congressional behaviour,

according to which it can be explained by the particular, individual, concerns of the Congressman and the functions of the institution. Rather, in a soft-spoken Marxism that is none the less effective for that, he relates what happens in Congress to the broader system of political and economic power within the US and shows how this plays such a vital role in shaping the options that Congress can pursue. His is an analysis far more comprehensive and socially aware than most institutional and conventional accounts, and far less simple than an enthusiastic economic reductionism would offer.

The volume by Edmund Fawcett and Tony Thomas covers a much wider field, being a general study of the contemporary US, with chapters on regional differences, business and the economy, women, politics, finances, the cities and the countryside. It is an excellent introduction to the US, deceptively intelligent, wry and, all too rare in books by or on Americans, historically aware. It brings out the ways in which the US is not resumable by the focuses normally seized on by visitors—New York, Washington or California—and identifies many of the social forces that shaped the country in the late 1970s. Their central thesis is that America is 'a maturing nation', one that has passed through the turbulence, and naivety, of its initial two centuries. Whether this spells relief for the rest of the world, or middle-aged confirmation of the negative dynamics of US foreign policy, is for the coming years to tell.

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#### **Dictatorships and Double Standards: rationalism and reason in politics**

Jeane J Kirkpatrick

New York: Simon and Schuster. 1982. 270pp. \$14.95

*Dictatorships and Double Standards* is a collection of ten essays by Jeane Kirkpatrick, appointed by President Reagan as the Permanent Representative of the United States to the United Nations. The essays were written when Ambassador Kirkpatrick was professor of political science at Georgetown University, and all were published between 1977 and January 1981 with the exception of one published in 1963. The title of the book is the title of the first essay, a severe attack on the foreign policy of the Carter Administration. According to the book jacket, this 1979 article in *Commentary* first brought Professor Kirkpatrick, a Democrat, to the attention of President Reagan. This led to her UN appointment, a post which also made her a member of the Reagan Cabinet.

The first part of the book is titled 'Rationalism in Foreign Affairs' and includes, in addition to the title essay, essays on policies of the Carter Administration in Latin America, a four-page critique of Carter's 'emphasis on human rights', and a 1963 essay on totalitarianism. The second part, titled 'Rationalism in Domestic Affairs', includes six essays on contemporary United States politics. These essays deal with political party reform in the 1970s, the New Right, the 'New Class' ('people who wield the power of the spoken and written word'), sources of stability in American politics, the teaching of democratic values, and regulation, liberty and equality. The part of the book focusing on foreign affairs merits special attention, not only because of the United Nations appointment of the author but also because of press reports that she has played an important role in the Central American policies of the Reagan Administration.

The ten essays explore a great variety of topics and issues, making it difficult for a

reviewer to encompass the whole. Fortunately, Ambassador Kirkpatrick has helped us by writing an introduction underlining certain themes. This, she says, is a book 'about the impact of ideas on politics'. The essays have 'a common concern with freedom and unfreedom'. What kinds of ideas encourage and support democracy or tyranny? How are they institutionalised? Why and how do so many liberating revolutions go wrong? She is concerned that 'our times seem especially hospitable to bad ideas, probably because, in throwing off the shackles of tradition, we have left ourselves especially vulnerable to untried nostrums and untested theories'.

Ambassador Kirkpatrick sees tradition in a positive light, although recognising that tradition may preserve 'brutal practices', because 'traditional ideas have at least the merit of being integrally related to actual societies and social practices'. Her concern is that in times of rapid change and mass communication a 'disjunction develops between ideas and experience. . . . Thought set free from experience is unlimited by the constraints of experience or of probability'. This line of reasoning leads to the identification of rationalism as Ambassador Kirkpatrick's *bête noire*. 'Rationalism encourages us to believe that "anything that can be conceived can be brought into being"'. Plato's *The Republic* is cited as a prototype of rationalist political philosophy. 'A key assumption was that in planning a just society Socrates could start from scratch, moving people about at will—as if the subjects of his ideal state did not already exist in families, professionals, economic classes; did not already have loves, hates, habits, temperaments, and ideas of their own . . .' In this assumption—'that the architect of the scheme knows best—lies the affinity between rationalism and tyranny'.

Ambassador Kirkpatrick offers two examples of 'the failure of political belief to yield to experience (that is, to empirical testing) . . .'. One 'is the belief in absolute equality as an operational social good'. While admitting that 'it might be possible (though certainly very difficult) for government to equalise income', she concludes that 'government cannot produce equality, and any serious effort to do so can destroy liberty and other social good'. A second example is the belief that Marxist-Leninist revolutions will enhance the freedom and well-being of the people who endure them, and will permit freedom and power-sharing among the people they govern. It is her judgement that 'not one' country with Marxist-Leninist rule has 'produced either freedom or development'. She asserts that the tenacity of these beliefs in the face of evidence to the contrary is the result of 'cultural predispositions' that are rooted in 'the rationalist spirit of the age'.

The rationalist orientation tends powerfully to see everything as possible and prospects for progress as unlimited. When we forget, or wilfully choose to ignore, the intractability of human behaviour, the complexity of human institutions, and the probability of unanticipated consequences, we do so at great risk, and often immense human cost. In its various manifestations, that is the theme of this volume (p 18).

The title essay is a sweeping attack on the foreign policy of the Carter Administration which, with typical hyperbole, Ambassador Kirkpatrick declares to have been a failure 'to everyone except its architects'. Important in this 'failure' was the fact that Carter's foreign policy was 'guided by a relatively full-blown philosophy of history which included "a doctrine of modernisation"'. Says Kirkpatrick:

The Carter Administration defined the US national interest in the Third World as identical with the putative end of the modernisation process. Vance put this with characteristic candour when he explained that US policy *vis-à-vis* The Third World is 'grounded in the conviction that we best serve our interest there by supporting the efforts of developing nations to advance their economic well-being and preserve their political independence'. Our 'commitment to the promotion of

constructive change world-wide' (Brzezinski's words) has been vouchsafed in every conceivable context (p 41).

What could be wrong with this statement of policy?

The conceivable contexts turn out to be mainly those in which non-communist autocracies are under pressure from revolutionary guerrillas. Since Moscow is the aggressive, expansionist power today, it is more often than not insurgents, encouraged and armed by the Soviet Union, who challenge the status quo. The American commitment to 'change' in the abstract ends up by aligning us tacitly with Soviet clients and irresponsible extremists like the Ayatollah Khomeini, or, in the end, Yasir Arafat.

She concludes that the principles of self-determination and nonintervention have been selectively applied: 'We accepted the status quo in Communist nations (in the name of "diversity" and national autonomy), but not in nations ruled by "right wing" dictators or white oligarchies' (pp 41-2). This rendered the Carter Administration 'especially vulnerable to hypocrisy' (p 43).

While such 'inconsistencies are a familiar part of politics in most societies', Ambassador Kirkpatrick finds it particularly noteworthy that the Carter Administration had a 'predilection for policies that violated the strategic and economic interests of the United States' (p 43). She has a preference for 'viewing international developments in terms of the American national interest, as national interest is historically conceived' (p 36). She accuses the Carter Administration of 'passivity' in Iran, and laments: 'Where once upon a time a President might have sent marines to ensure the protection of American strategic interest, there is no room for force in this world of progress and self-determination' (p 40).

Given the disputes among foreign policy officials in the Carter Administration and frequent accusations that policymaking was in disarray, it is surprising that Ambassador Kirkpatrick perceives it to have been so single-minded. For example, many would not see opposition to right-wing dictators to have been as consistent as she assumes. Perhaps this is because her argument is largely based on quotations from speeches of Carter Administration officials, rather than on a broad assessment of performance. In the case of the Presidential Security Adviser, Zbigniew Brzezinski, her attack is based largely on his 1970 book, *Between Two Ages: America's role in the technetronic era*, published six years before President Carter took office. I sense that her perception of rationalism in the Carter Administration's foreign policy could be attributed to Ambassador Kirkpatrick's own rationalism. This consists first of all of her predilection for viewing the world primarily through the prism of Washington's relations with Moscow. A second element to her own rationalism consists of her preference for 'historical' approaches to the protection of the national interest, including military intervention. A third is a preference for the orderliness of any status quo that is non-communist over the messiness and risks of change.

Kirkpatrick's rationalism avoids the need to deal with obvious changes in a world now having some 160 states, with increasingly interdependent national economies, increasing gaps between the rich and the poor (within and between countries), increasing worldwide awareness of this gap, increasing lack of acceptance of the gap, and increasing desire for self-determination and autonomy by states and by nations and groups within countries. To Ambassador Kirkpatrick, recognition of these sweeping changes is 'essentially deterministic and apolitical' (p 40), causes us to be 'like Marxists and align ourselves with history' (p 40), and supports the 'idea that "forces" rather than people shape events' (p 38). Her own rationalism prevents her from acknowledging the

degree to which these changes are a product of more and more *people* perceiving that it is no longer necessary to accept misery and external domination (domestic and foreign) and of more and more people directly participating in efforts to bring about change.

She also ignores the concrete political activities that have projected Third World demands and goals on to the world scene. These include the non-aligned movement, the Group of 77, the Declaration on a New International Economic Order, the Charter of Economic Rights and Duties of States, and demands for global negotiations on the world economic system. These activities and events are reflective of a multi-faceted self-determination movement (now sometimes referred to as autonomy and self-reliance) spurred by the establishment of some eighty-five new states in Africa, Asia and Latin America after World War II. Ignoring these facts permits Ambassador Kirkpatrick to overestimate the capacity of both the United States and the Soviet Union to control events in the Third World. Ignoring these facts means that Ambassador Kirkpatrick's analyses of United States foreign policy are based on a partial view of the world that leaves out significant centres of influence in world politics that are independent of both Washington and Moscow.

Perhaps more in rhetoric than deed, and often inconsistently, the Carter Administration was moving toward a foreign policy that would take cognisance of these new realities. Kirkpatrick rejects the effort, chastising Carter for losing 'his appetite for East-West competition' (p 55). She demands a return to the narrow Washington versus Moscow framework, actually requiring that Washington be reactive to Moscow rather than initiating policies that take into account broader realities. The poverty of this approach is dramatically revealed in the title essay: 'Dictatorships and Double Standards'. Here Ambassador Kirkpatrick criticises the Carter Administration because: 'Assisting "change" did not lead the Carter Administration to undertake the destabilisation of a *Communist* country'. The 'standard' advanced by Kirkpatrick requires that 'the principles of self-determination and non-intervention' be applied equally in Communist and non-Communist countries. While most would like to see these principles applied worldwide, it is very difficult to see the benefit of this box score approach to the people of the United States. Why should the United States not give priority to countries where it has had the greatest influence? The United States has had long-term involvement and sustained influence in many non-Communist countries that are not matched in most Communist countries. Why should it not give priority to bringing its own policies in these countries into line with its declared values? If the United States should indeed contribute to the extension of principles of self-determination and non-intervention in the non-Communist world, why would this be advantageous to the Soviet Union? Would it not have the reverse effect?

Ambassador Kirkpatrick frequently turns her attention to the 'national interest' and the 'national security' of the United States. Here too she refuses to recognise the changing context of interests and security in a changing world. In this connection, reports issued in the name of the Commission on United States-Latin American Relations, headed by Sol Linowitz, come under attack:

Earmarked for the dustbin were the beliefs that the United States should have a special policy for Latin America; that Latin America constituted a 'sphere of interest' in which the United States could or should intervene (overtly or covertly) to prevent the establishment of unpalatable governments; and that national security should be an important determinant of US policy toward that area. Now, the first Linowitz report counselled: 'It [US policy] should be less concerned with

security in the narrowly military sense than with shared interests and values that would be advanced by mutually satisfactory political relations' (p 57).

Notable here is Kirkpatrick's assertion that the report 'earmarked for the dustbin' contained beliefs 'that national security should be an important determinant of US policy' in Latin America. Rather, the report asked for less dependence on military means in the pursuit of security. Why should this be disparaged in a world of widespread military dictatorships, arms transfers and arms races?

Ambassador Kirkpatrick views the complex relations between violence and social conditions with remarkable simplicity, as when she attacks President Carter for asserting that 'a peaceful world cannot exist one-third rich and two-thirds hungry'. She replies, 'the implication is that the frustration of poor nations causes war. In fact, the notion that poverty causes war doesn't wash' (p 93). In similar fashion she attacks President Carter's statement that 'we can no longer separate the traditional issues of war and peace from the new global questions of justice, equity, and human rights' (p 93). Certainly there are other causes of war. And there are leaders who say they fight against poverty, and for justice, equity and human rights who actually seek other goals. But, even in these cases, it cannot be denied that the desire for basic human needs, justice, equity and human rights are motivating factors for many who fight in wars.

This is a significant book and also a disappointing book. It is significant in that the views expressed won the author a high post in the Reagan Administration. It is disappointing in that the viewpoint of the book signifies a step backwards in efforts of the United States to deal with the realities of a changing world. To Kirkpatrick these changes engender fear and a reflex response that includes an inflated notion of the capacity of Moscow to control Third World events; an inflated confidence in the present usefulness of 'historical' approaches, including military intervention, in the pursuit of national interests; and a longing for the status quo in a time of widespread change.

Given the worldwide political, military and economic involvements of the United States, it is no easy task to formulate a foreign policy that deals more realistically with fundamental change taking place in the Third World. While the Carter Administration made only modest improvements in this direction, Ambassador Kirkpatrick reminds us that there were some serious efforts in this period to begin to cope with these realities, if often only on paper. It is to be regretted that Ambassador Kirkpatrick chose to challenge these efforts. Certainly there are good reasons to be fearful in a world of ever more powerful nuclear weapons, and widespread violence and poverty. On the other hand, there are signs of hope in the growing demand by people in all parts of the world for greater control over their destiny. Why should people in the United States be fearful of this movement? Given the traditional democratic values on which the republic is based, is it not in the national interest of the people of the United States to find ways to support this trend? Of course, defining policies that would indeed support these values would not be easy. But this is what United States foreign policy should be about. That is, it should be concerned with how to face present realities and future potential, rather than a policy that denies the present and longs for the past.

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## BOOK REVIEWS

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### **The Rich and the Poor: development, negotiations and cooperation—an assessment**

Edited by Altaf Gauhar

London: Third World Foundation. 1983. 273pp. £4.50

This quickly and well-produced volume represents the proceedings and papers of the South-South Conference held in Beijing, China in April 1983 under the joint auspices of the Third World Foundation and the Chinese Academy of Social Sciences. Apart from a 12-page Introduction (which gives a good summary of the papers included, useful for a selective reader), the volume includes three papers on development strategies, four on North-South relations, and six papers on South-South cooperation. Four of the papers are by Chinese authors, in addition to the welcoming speech by Premier Zhao Ziyang which is also fully reproduced. The Chinese contributions will be a special feature of this book for many readers; they are invariably well-argued and very reasonable and moderate in presentation—which can indeed be said of the whole book.

The non-Chinese contributors include some of the Third World intellectual elite—Urquidí, Sen, Ramphal, Avramovic, Jamal, etc.—as well as the Director-General of the OPEC Fund for International Development, the Secretary-General of OAPEC (the Arab OPEC), the Sudanese President of IFAD, and a former Foreign Minister of Bangladesh. Both contributions and participation were strictly limited to Third Worlders, but there is certainly nothing 'underdeveloped' about the quality and presentation of these contributions. The book represents perhaps the best overall presentation of Third World positions, without the rhetoric and blasts sometimes associated with such declarations. The same is also true of the 'Beijing Statement' agreed at the Conference and fully reproduced (eight pages).

There is an emphasis on future research needs and the related need for a Third World Secretariat. Inevitably, conflicts within the Third World receive less emphasis than common interests and the need for solidarity. The critical reader may note in the presentation of the OAPEC speaker the omission of any reference to cheaper oil or oil discounts for Third World importers. But both the need and the opportunities for much expanded South-South cooperation are unquestionable, and the reviewer as well as others have argued that we in the North have every reason to support South-South cooperation.

The 1983 Beijing Conference is now called South-South I. Similar gatherings of Third World scholars and politicians are to be held every three years in a different Third World capital. It is to be hoped that such high standards will be maintained at such meetings, for the benefit of those in the North as well as in the South, and that some of the reasonable aspirations will soon be satisfied.

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### **Towards a New Bretton Woods: challenges for the world financial and trading system**

Commonwealth Study Group

London: Commonwealth Secretariat. 1983. 147pp. £5.00pb

At their annual meeting in September 1982 the Commonwealth Finance Ministers



called for a study of the global financial and trading system. *Towards a New Bretton Woods* is the response to that request, prepared by a distinguished group chaired by Professor Gerry Helleiner of the University of Toronto.

The group was an unusually strong one, including as it did the former Chairman of the IMF Committee of Twenty, a former Governor of the Reserve Bank of India, and others exceptionally well qualified for the task. The group was also well balanced from the standpoint of the Commonwealth, which means that developing country members had considerable weight along with those from developed countries. The group included Conrad Blyth, Professor of Economics, University of Auckland; Kenneth Dadzie, High Commissioner of Ghana to the United Kingdom; William Demas, President of the Caribbean Development Bank; Stuart Harris, Professor of Resource Economics, Australian National University; Ambassador Lal Jayawardena, Ministry of Foreign Affairs, Colombo; Sir Jeremy Morse, Chairman of Lloyds Bank; Harry M. Osha, Executive Chairman, Milestone Investment Services, Ltd; and Dr I G Patel, Director, Indian Institute of Management. Like the two Brandt Commission reports, therefore, the present report reflects a North-South compromise and goes much further towards meeting developing country views than any of the major OECD governments are prepared to go at the present time. At no time in the past thirty years has the gulf between the views of North and South been wider than it is now, and never, during that period, has international economic cooperation fallen to so low an ebb. Consequently, the fact that Sir Jeremy Morse and other developed country members were able to give their unqualified support to the findings and recommendations of the group as a whole is highly encouraging.

The report is much more carefully argued and presented than the two Brandt reports. Thus, if it does not carry much weight with OECD governments at the present time, its conclusions, and the reasoning on which those conclusions are based, may prove to be more influential and less perishable than those of the Brandt reports.

It is, as expected, a pragmatic report—its recommendations are for evolution, not for fundamental change. To that extent its title may be misleading—the report itself says that the title ‘should be seen as no more than shorthand for a negotiating process which re-examines the world’s financial and trading arrangements, as settled at Bretton Woods and Havana, in the light of their present working and of contemporary needs’ (paragraph 9.4). Even that negotiating process, as envisaged in the report, is still some distance away in view of the institutional complexities involved in setting up the cumbersome preparatory machinery proposed.

Nor does the report hold out much hope for a collectively managed international monetary system: this remains nothing more than an ‘aspiration’—albeit ‘a desirable one for the longer term’ (paragraph 4.37). For the time being the world must content itself with the key currency system—single or multiple—although it is suggested that efforts should be made by the IMF to exert greater and more symmetrical control over exchange rates.

The report does make some useful suggestions for improving the outlook for the world economy. It advocates measures to support economic recovery, to provide sufficient liquidity from official and private sources to developing countries and to alleviate the plight of the poorer countries. The IMF quota increase should be completed with unchanged access, issues of SDRs should be resumed (but no order of magnitude of such issues is suggested), the compensatory financing facility should be

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## BOOK REVIEWS

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strengthened, IMF conditionality reformed, and World Bank, IDA and other official development assistance expanded. These are all well-known remedies, but it is important that they have been endorsed by a representative North-South group.

The group also favours the establishment of a multilateral forum to discuss trade, money, finance and macroeconomic policies, and the inter-relationships between them. 'The IMF, World Bank, GATT and UNCTAD should jointly service a body functioning somewhat like the IMF's advisory Interim Committee; eventually evolving into the analogue of the decision-making Council authorised in the IMF's Second Amendment' (paragraph 7.36). This, says the report with somewhat less realism than usual, 'must not be or be seen to be an extension of the jurisdiction of the IMF into trade policy issues' (*ibid*). The report leaves it to be understood that the Bretton Woods system of weighted voting would apply, and it is this that would determine the character of the new mechanism, regardless of whether or not IMF jurisdiction were expanded. While there is a case for saying that any international institution possessing such extensive powers would have to be subject to weighted voting, the Bretton Woods weighting is so one-sided as to limit the incentive for the major powers to take the views of the Third World fully into account. Thus, a concentration of authority of the magnitude envisaged in the report could conceivably represent a step backwards for world trade and development. On the other hand, the group is to be commended for raising this problem, and there is probably no solution to it that would satisfy everybody.

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The opinions expressed in this review are those of the author and not necessarily those of the UN Secretariat.

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**The City and the Grassroots: a cross-cultural theory of urban social movements**

Manuel Castells

London: Edward Arnold. 1983. 450pp. £35.00

**Secondary Cities in Developing Countries: policies for diffusing urbanisation**

Dennis A Rondinelli

London: Sage. 1983. 282pp. np

It would be hard to find two books more difficult to combine into a single review, for the two noted above represent polar approaches to the field. And yet the contrast between them reveals much about the cleavage in the field of urban studies.

Rondinelli's book is definitely a view from above, from the perspective of the planner or the AID/World Bank adviser to national planners. It sees the state as actor in bringing about desired changes in the urban system. In this case Rondinelli is interested in finding policies that will stimulate the growth of middle-sized cities in developing countries where urban hierarchies are imbalanced. Castells' book focuses on urban social movements as viewed largely from the bottom, from the perspective of neighbourhood actors trying to avoid neglect and/or oppression from above and to gain some measure of autonomy.

Rondinelli's model of change is definitely unidirectional; in it, goals are set by the state and then, more or less, implemented. Castells' model of change is dialectical, in which actions (or indifference) by the state stimulate popular responses or oppositions which in turn interact in a complex 'struggle' to redefine urban form and meaning.

Rondinelli's goal is to generalise about the role played by secondary cities in a variety of developing nations. Thus, the cases he discusses are intended to aggregate to a common conclusion; the variations are either inconvenient obstructions to generalisation or merely illustrate different intended outcomes. Castells' goal is to draw thick descriptions of specific societal/historic moments of social action which illustrate the unique concatenations of circumstances with unique outcomes. Thus, the cases he collects are designed to demonstrate the range of possible actions, with an emphasis on the processes of interaction, rather than upon determinate ends.

Despite these differences, it is Rondinelli's book rather than Castells' which is eclectic and inconclusive. Rondinelli is dependent upon the existing literature which serves as raw material for his book. Since this material is 'milked' for relevant data, rather than reanalysed for new significance, it is difficult for him to reach any firm conclusions, much less any new theory. Rather than prove that secondary cities yield more egalitarian development, the book concludes the way it began, namely, with the ideological allegation that this is so. Furthermore, Rondinelli already knows which cases are 'successful', so that he illustrates his points selectively. In contrast, Castells' rich case studies—whether from secondary sources or from his many years of field research—are designed not only to illustrate the range of diversity but also to yield some preliminary theoretical concepts and some tentative generalisations about how changes occur in urban form.

Leaving aside the invidious distinctions which a joint review such as this one naturally invites, let me look briefly at each book separately to indicate its place in the literature and the audience to which it is addressed.

Rondinelli's book is a revised version of a study commissioned by the US Agency for International Development (AID) 'to review the literature on . . . the potential for middle-sized cities to contribute to national and regional development' in developing countries. The goal and assumptions of the study are clear (but unexamined). Third World countries suffer from overconcentration and urban primacy which lead to a maldistribution of wealth in the country and inefficient overcrowding in the capital. Growth with equity can best be achieved if secondary cities are encouraged to grow through state policies which deflect investments and planning efforts to them. Data on urban systems in various countries are presented, based upon UN publications. Countries such as Korea and Taiwan are praised for good urban planning efforts; most African countries are found deficient, although Tanzania is briefly commended. Totally ignored in the descriptive and statistical cases presented is any allusion to the world system, to dependent urbanisation/capitalism, and to social movements. Cuba, which has probably had as serious a policy of secondary city growth and decentralisation as any developing country, is absolutely ignored. In the end, the book tends to vanish quickly from mind, since it follows a predictable line and does not stimulate new thoughts or critical ideas.

The Castells volume is, by contrast, one of the most important books to be added to the literature in many years. It is far superior to his *The Urban Question* which I found both cantankerous and often obscure and over-abstract. *The City and the Grassroots* is,

indeed, an exemplar (in the paradigmatic sense) of the kind of research that was advocated in the earlier book but insufficiently illustrated.

The book is really five monographs plus an introduction and a final essay that tries to draw out some new theoretical directions. The first monograph includes chapters on sixteenth-century *comunidades* in Castille, the 1871 Paris Commune, the Glasgow rent strike of 1915, a study of a Mexican urban movement, and the American ghetto revolts of the 1960s (putting them in their proper perspective as urban revolts). The second monograph examines the peripheral mass housing estates around Paris built after World War II (the *Grands Ensembles*) and analyses how these bare communities, devoid of social services and communal facilities, were reformed through pressures organised by their working-class residents. The third monograph takes San Francisco as its case, looking at how the Latino Mission District managed to defend itself against urban renewal and gentrifying destruction and how the gay community managed to carve out turf and political power in that city. Monograph four looks at squatters in Latin American cities, showing how, under conditions of dependent capitalism, self-help and social mobilisation aid not only the residents but the elite, thus leading to tolerance of them. An interesting subsection looks at Chilean mobilisation in Nuevo Habana, making the point that political overorganisation reduced the value of this social movement. Finally, monograph five presents the findings of a large study of neighbourhood organisations in Madrid under Franco, demonstrating how they arose and how they contributed to the eventual overthrow of that system. Even if the sixth and final section of the book, intended to synthesise these disparate studies, does not actually accomplish what is promised, the book offers a feast of stimulating material which bears re-reading, re-thinking, and deeper study. Long after one puts it down, the cases and the ideas continue to circulate in one's mind. It is a testimony to the creativity of one of the best minds working in urban studies today and to the value of 'super-marginality'. For Castells is not only smart but eccentric in the best sense of that term. He stands at the margins of French, Spanish and now US/British knowledge and literature on cities. And he uses his smartness (and the collaborative efforts of his colleagues and students) to distil from that wide knowledge and literature a new perspective and set of insights. We will be in his debt for a long time, for this book which moves beyond the often reflective Marxism of his earlier works to an original and complex position in which class is only one among several determinants of social organisation, notably gender, power and race, all of which receive more systematic attention in this new and important book.

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### **Management of Pastoral Development in the Third World**

Stephen Sandford

London: John Wiley. 1983. 316pp. £16.95

This is a comprehensive study of a neglected issue. Few studies in the field of development cover a subject in such detail, with such broad sweep, and from both a policy and management point of view. The focus of the book is on the organisation of pastoral development, with organisation considered mainly from the point of view of

government but also from the pastoralists' point of view. Arguments and evidence are addressed from a wide variety of countries, in both the 'capitalist' and 'socialist' spheres, making the book a rich one.

The main virtue of the book, however, is its rare combination of thoroughgoing analysis with detailed prescription or methods for prescription. The analysis is drawn from different disciplinary traditions. It considers the physical, economic, social and political characteristics of pastoral situations; the instruments available to government for intervention in those situations, and the likely effects of their use. Finally, organisational and management requirements are identified for different policies and desired outcomes.

The book adopts a factorial approach to all questions in an attempt to produce widely applicable guidelines for achieving the optimum in pastoral development. The only drawback to such an approach is that one can rather easily lose the essence of any argument in a welter of varied circumstances, variable requirements and choices. Secondly, as a method of policy formulation, or a guide to good management, the book is, as it perhaps should be, implicitly optimistic in the detailed considerations which it hopes decisionmakers should be able to make of a wide variety of factors. Otherwise, the author has few illusions, either about governments, or pastoralists, or the applicability of Soviet or capitalist models of pastoral development in the Third World.

Sandford is critical of what he calls the 'mainstream' view of pastoralists and their institutions: they are not trusted by governments and 'the development industry' because they are suspected of irrationality. Further, they are alleged not to have the institutional capacity to regulate herd sizes and their use of, and damage to, their environments. The mainstream view proposes strong government intervention to manage resources, private ownership of grazing land, and an abandonment of pastoralists to the fate brought on by their own irrationality. The book is a defence of an alternative set of beliefs, which brings it into the heart of the best populist, rural development tradition. It argues that government domination of pastoral development has many disadvantages, mainly stemming from lack of genuine commitment; that private ownership often does not lead to better resource management; and, that leaving pastoralists to their own fate is both inhuman and misguided. The alternatives to the mainstream view are systematically explored, paying particular attention throughout to the problem of combining government and pastoral efforts in practical, non-contradictory ways in a variety of activities—water supplies, range allocation and management, animal health and husbandry, and marketing and processing.

Because of its comprehensiveness of subject and richness of example, the book should immediately become the major textbook on pastoral development, as well as a set of reference guidelines for policymakers and administrators.

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### **Socialist Models of Development**

Edited by Charles K Wilber and Kenneth P Jameson

Oxford: Pergamon. 1982. 240pp. £20.00

The most striking feature of this book is its breadth of coverage. It deals with the experience of building socialism on the part of a large number of regimes, ranging from Burma to Cuba and from Poland to Angola. Most, although not all, claim to be Marxist, and whilst there are no articles concentrating on the Soviet or Chinese 'models' (apart from Ellman's on 'Agricultural Productivity under Socialism') a brief introduction by the editors does highlight their main general features. Particularly valuable are those articles comparing the developmental experiences and achievements of 'socialist' and neighbouring 'non-socialist' countries—Iraq and Syria with Jordan and Morocco, Cuba with Jamaica and Guyana, and Romania with Greece. One of the interesting conclusions that emerges from these comparisons is that the economic achievements, and even on occasion the economic institutions, of the 'socialist' regimes have not been markedly different from those of the 'non-socialist' ones, but the provision of social services has been significantly greater under 'socialism'.

Nevertheless, there are some problems. Firstly, few of the contributors pay much attention to the role and operation of political institutions, of the state, and of planning agencies—the editors themselves admit and regret the latter fact. Consideration of 'political' issues is largely restricted to the observance of human rights and the realisation of women's rights, although Horvat does contribute an article on 'The Establishment of Self-Governing Socialism in a Less Developed Country', which is basically a generalisation of the Yugoslav political, but not economic, experience.

Secondly, there is the problem of the meaning and applicability of 'models'. The editors themselves outline the Soviet and Chinese development models, but the extent to which they can be applied to any of the regimes under discussion in later articles is uncertain, for all of these regimes are much smaller than the USSR or China, much less capable of approaching autarchy even if they wished, and therefore much more open to outside pressures. Even Halliday's extremely interesting article on North Korea, which has achieved a very high degree of autarchy, proves the rule, for there too there has been a greater interest in exports in recent years. This external dimension is nowhere treated systematically or in general terms. Thus, each regime tends to be viewed as a 'model' unto itself.

Thirdly, there is the problem of the meaning of 'socialism'. Some authors attempt to provide an 'objective' definition, others are content with a 'subjective' one. Thus, Fenichel and Khan conclude that there is little evidence that Burma is now, or is becoming, a 'socialist' society, even though it claims to be one. Gottheil, on the other hand, argues that it is virtually impossible to assess Syrian and Iraqi 'socialism' outside the context of what their respective Ba'athist parties define as 'socialism' and of what their economic systems actually achieve. The editors themselves note the problem, but sit on the fence. Instead of providing a definition which all their contributors can use, however contentious it might be, they indicate three 'categories of performance' which can serve as a starting point: (a) growth in output; (b) satisfaction of basic human needs; (c) observance of human rights. Most of the articles are oriented around these topics, although with varying emphasis. It is because of this lack of a common perspective, though, that the overall value of the book is a little less than the sum of its parts, however stimulating some of those parts are.

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**Rural Poverty and Agrarian Reform**

Edited by Steve Jones, P C Joshi and Miguel Murmis

New Delhi. Allied Publishers (distributed in the UK by Dereham Books). 1982. 384pp.  
£10.00

This book results from a conference on 'Basic Needs, Appropriate Technology and Agrarian Reform' held in March 1979 and largely funded by the United Nations. This is a rather usual genesis for such a book. What is less usual, however, is that this conference was held in Dacca and Calcutta, that it was organised by Environment and Development in the Third World (ENDA) of Dakar, and that it is also on ENDA's 'behalf' that the book has been published by an Indian publisher.

The 1979 conference was carried out within an impressive organisational framework. Beside ENDA and the United Nations, the preface mentions also the support of the governments of Bangladesh and West Bengal. This organisational framework has certainly contributed to the fact that the fifteen articles of the book are well-researched, balanced and of good academic standard; however, it may also have contributed to a certain lack of originality where the geographical areas studied and the approaches used are concerned. With only one exception, the topics of the articles constitute an actual blueprint of the most typical and frequent problems in the field.

The following topics are discussed in the book: the agrarian revolution in North Vietnam, rural class struggle in Thailand, land reform and the State in Sri Lanka, poverty and land hunger in India, rural development policy failures in Bangladesh, collectivisation in China, revolution and agrarian reform in Cuba, agrarian reform under landowner initiative in Ecuador, land reform and entrepreneurial structure in Mexico, continuity and change in rural Peru, peasantry and proletarianisation in Brazil and Mexico, contradictions in the Tanzanian experience, the increasing conformism of the Iraqi Communists' Agrarian Programme, and progress and disappointment in rural Algeria. The basic thrust of these articles suggests that Green Revolution strategies do not meet the basic needs of the poor, needs which appear to be met only through radical agrarian reforms. The papers all have a strong empirical base as well as convincing and elegant theoretical frameworks.

The relatively uninformed reader will appreciate the mainstream character of the topics of the articles. The better informed one will be impressed by the general quality of the papers presented, but will wonder why countries such as Iran, Burma, Chile or Mozambique, for example, are too often absent from publications in the field. Still, this is an excellent book by any standard and it has to be strongly recommended.

JOSÉ HAVET

*University of Ottawa*

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**The Recalcitrant Rich: a comparative analysis of the Northern responses to the demands for international economic order**

Edited by H O Bergesen, H H Holm and R D McKinlay

London: Frances Pinter. 1982. 265pp. £13.75

**Rich Country Interests and Third World Development**

Edited by Robert Cassen, Richard Jolly, John Sewell and Robert Wood  
 London: Croom Helm. 1982. 369pp. £15.95

Both these books consist of collections of essays describing and analysing the attitudes of individual developed countries to the Third World. *The Recalcitrant Rich* concentrates on the responses of Northern countries to demands for a new international economic order and is written mainly by political scientists, while *Rich Country Interests and Third World Development* addresses itself to the historical, political and other factors that govern the relations of many of the same countries to the developing world, and is mainly written by economists. Inevitably, there is some overlap in the studies but the best buy depends on what the reader requires. In both cases the editorial work, including the selection of papers, has been well done.

The virtue of these studies is that singly, or even more in combination, they are a convenient source of well-documented information about the political stances of the developed countries they treat, with *Rich Country Interests* giving appreciably more historical depth. Anyone wishing to justify previously held opinions about these matters is now in a position to do so.

In broad outline, what is said about the European countries and the United States amounts to what was previously known or suspected. It is possible to group these Northern countries according to their attitudes to the developing world to some degree. At the top are the Scandinavian countries with a strong social conscience and the Netherlands with an uneasy one. They support development with amounts of aid well above the UN target. At the same time they are free to take one side or the other in relation to the NIEO in the certainty that in the end it will be the major nations that will decide the issue. Occasionally, even they fall from grace; they too have their sensitive areas and national interest to consider.

In the next category, overlapping in the case of the Netherlands, come the not quite ex-colonial powers, somewhat in a cleft stick depending on whether or not they are reconciled to their sins. France, unrepentant; the United Kingdom, unrepentant but uncertain; Germany, far enough removed from a colonial past for it to be old history. Finally, we reach the United States with its repugnance of colonialism, anxiety to protect individual freedoms and present-day desire to be spared costly involvement in aid to the Third World. The United States attitude can be summed up in a belief that secure bargains are those that benefit both parties. As G C Abbott observes in *The Recalcitrant Rich*, 'There was no way . . . the United States was going to concede an overall package of demands in the interests of humanity'. And as there was no *quid pro quo* that the South could offer, negotiations for a NIEO made little progress.

In both volumes the discussions of Scandinavian interests are of special interest. That by H O Bergensen (on Norway) brings out clearly the conflict that arose in relation to the NIEO between national aspirations and interests and the desire to side with the deprived; that of J Faaland and O D K Norbye (on Scandinavian countries) illustrates how a national ethos gives rise to a desire to create something of the same image in other countries, with all that this implies, bad as well as good.

In *Rich Country Interests and Third World Development*, Professor Dore has contributed a chapter on Japan that many Western readers will find adds greatly to their knowledge, as does that of Stuart Harris on Australia. In the same volume, Albert



Bressand gives a useful account of French interests, with a revealing aside on the real value of the aid that country contributes.

As collections of essays go, these are better than most, but even with the aid of their overviews they can not be expected to have the coherence or integration of a study written by a single hand.

J R PARKINSON

*University of Nottingham*

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### **The World Bank: a critical analysis**

Cheryl Payer

London: Monthly Review Press. 1982. 414pp. £12.95

The World Bank, dispensing more than \$13 billion per year in loans and investment commitments, is the world's foremost development finance institution. 'Some call it the best, some call it the worst', writes Cheryl Payer in her new book on the Bank, 'but no one escapes its influence'. Its 139 member countries exercise voting rights proportional to their shareholdings, an arrangement which ensures the predominant influence of the industrialised Western countries' governments. Payer's analysis, based on meticulous sifting of internal Bank documents and independent reports, presents a sector-by-sector critique of the Bank's policies and practices throughout the Third World.

Payer's aim is not to criticise the Bank's mistakes or failures in the pursuit of its objectives, but rather to criticise the nature and validity of the objectives themselves. To this end she draws upon the evidence of Bank-financed development projects which are typical, important, and often judged 'successful' by the Bank itself. Her central thesis is that the World Bank is 'perhaps the most important instrument of the developed capitalist countries for prying state control of its Third World member countries out of the hands of nationalists and socialists who would regulate international capital's inroads, and turning that power to the service of international capital'.

Infrastructure projects in transportation, communications and electric power, the traditional focus of World Bank lending, are seen as prerequisites for attracting private investors. Industrial development is promoted through World Bank-financed national development banks, which provide 'public subsidies for private profit' in an effort to foster the growth of a local capitalist class allied with, rather than opposed to, international capital. In the mining sector the Bank provides not only a source of finance for multinational corporate investors but, more importantly, political insurance against moves by Third World governments to wrest greater control over their mineral resources. In oil and gas, a relatively recent field of Bank activity, a staff proposal for a revolving fund to finance petroleum exploration was scuttled by US opposition; instead, the Bank has acted as a 'shotgun to force Third World countries into marriage with the international oil companies'. The Bank's agriculture and rural development policies, the professed aim of which is to relieve the poverty of small farmers, have served to appropriate their resources and labour to service the markets of North America, Western Europe, Japan and the elites of Third World capitals. Water resources have

been harnessed to generate electric power for multinational investors and to provide irrigation for the rural rich. Forestry projects have facilitated exploitation by outside commercial interests.

Payer argues that the poor of the Third World are not 'left out' by such development, but rather are its victims, unwillingly contributing their land and labour to a process from which they reap little if any reward. Capitalist development, in Payer's view, offers the poor no hope of a better life; instead, growing numbers are stripped of their assets and consigned to underemployment. Gains in the productivity of those who are employed flow to others. Increases in the productivity of small farmers, for example, are appropriated by merchants, input suppliers and taxation. Payer's critique thus focuses on the distributional inequities of capitalist development. She does not raise the possibility that the economic and political inequities countenanced, and in her view promoted, by the World Bank's development recipe may pose an obstacle to increased production, as well as improved distribution. Inequitable land distribution, for example, may act as a brake on agricultural growth.

The World Bank's public pronouncements stress the aim of improving the lives of the world's poor. Its real agenda, Payer maintains, is to keep the territories of its borrowing countries open to capitalist penetration. As an example of open conflict between the rhetoric and the reality, Payer cites the Polonoroeste project in Brazil, which will open a vast area to agricultural colonisation and commercial ranching, and in so doing will threaten the very existence of indigenous Indian communities. She documents the Bank's attempt to co-opt anthropologists and thus suppress their criticisms, and its ultimate 'compromise' with the Brazilian authorities, in which Indian interests will ostensibly be safeguarded by a government agency run by ex-military and security personnel with no previous experience of Indian affairs.

Payer does not question the humanitarian motives of many Bank employees. Rather she depicts them as operating within a large bureaucracy, controlled from the top, in which they adapt to the invisible limits imposed by the institution. They live in a 'cage with glass walls', and soon learn not to bump their heads. Given the structure of the institution and the dominant interests it serves, there is little scope for progressive reforms. Instead, the task of those in the wealthy countries concerned with international solidarity should be 'to actively fight to end the flow of foreign aid to Third World oligarchies'.

Many will quite readily accept Payer's thesis as to the World Bank's central role in the promotion of capitalist development. Indeed, World Bank staff members and their allies in the US Treasury Department have recently devoted considerable effort to convincing the Reagan Administration and a recalcitrant US Congress of precisely this fact. The real controversy is over the larger issue of whether capitalist development offers a solution to the great poverty in the Third World today. Clearly, capitalist development did succeed in raising mass living standards in the industrialised countries. Marx himself applauded its progressive historic role in revolutionising production and laying the basis for the transition to socialism. One school of his followers argues that capitalist development should be supported for the same reasons in the Third World today. Others, stressing the fundamental historical distinction between the colonisers and the colonised, argue that capitalist development in the Third World today, under the watchful eye of the World Bank, cannot improve the lot of the poor.

Payer takes the latter position. Her book cannot be expected to settle the debate, but

it lucidly maps out much of the terrain in which it must be fought. As such, it should be required reading on all sides.

JAMES K BOYCE

Magdalen College, Oxford

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**The International Economy and Industrial Development: trade and investment in the Third World**

R Ballance, J Ansari and H Singer

Brighton, England: Harvester Press. 1982. 326pp. £22.50

This very interesting book manages to combine a wealth of information with a high level of analysis and a considerable degree of academic insight. The book examines the historical role of the external sector in the industrialisation process, the structural relationship between industry and trade, and the role of the two principal economic actors in Third World manufacturing activity—the transnational corporation and the public enterprise.

After criticising the excessive reliance of developing countries and their various interest groups on import substituting policies, the authors make a case for a more vigorous export-oriented strategy. However, the authors recognise that even such a strategy will face problems. One is that it is difficult to emulate the most successful exporters (Southeast Asian countries) partly because their cheap labour policy involved a considerable degree of repression, and partly because their special British Commonwealth and/or geopolitical links to the United States made for easier access to the latter markets. A second problem is that an intensification of traditional protectionism, in the form of tariffs, and neo-protectionism, in the form of quotas, subsidies and voluntary export restraints, have in recent years made access to the markets of the developed countries much more difficult; this, according to the authors, conflicts with the export-oriented exhortation of the World Bank and the IMF that structural change can take place based on changing comparative advantage. Perhaps, the scepticism of the authors has not gone far enough. It is felt in some quarters that hope of reproducing the Southeast Asian experience is based on a 'fallacy of composition'; if many developing countries were to adopt the same strategy, protectionism in the developed countries would probably increase *pari passu*.

The authors provide evidence to show that transnational corporations play a critical role in the export-oriented restructuring process. Their high technology production systems, marketing expertise, increasing intrafirm structures, and tariff-reducing lobbying capacity facilitate export expansion by the developing countries (except in those cases where exporting by one subsidiary competes with the exports of another). However, the efforts of the transnational subsidiaries, public enterprises and local private entrepreneurs will continue to be stymied by the system of protectionism in the developed countries whose barriers are higher against goods from the developing countries than against those of fellow developed countries. Moreover, the authors feel that the real problem is not unfair competition from low-wage industries but the failure of some developed countries to cope with rapid technological progress, irrepressible

tendencies towards horizontal division of labour, and significant changes in structural demand.

Finally, the authors rightly recognise that the need for, and ability to implement, export-oriented industrialisation strategies vary tremendously between the developing countries. Small states have a greater need than those countries with a large home market. But a large home market could be a useful base (from the point of view of both economies of scale and production experience) for launching an export drive. For both of these two types of countries, however, greater trade with other developing countries could partly fill the gap created by increased protectionism on the part of the developed countries.

MAURICE A ODLE

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### **The Political Economy of Underdevelopment**

Tamas Szentes

Budapest: Akademiai Kiado. 1983. 425pp. £28.75

Since the first edition of this work in 1971, Szentes has provided several generations of students with a fully comprehensive, systematic and logically argued—if not always satisfactorily documented—neo-Marxist theory of Third World dependency and underdevelopment. The continued availability of his work today is to be welcomed.

However, the claims made in respect of this fourth 'enlarged and revised' edition are difficult to substantiate. Comparing the present text with the third edition (1976). I found very little that has been added or revised.

To be sure, there are three new subchapters incorporated in chapter one, part II, dealing with the recent global crisis and the restructuring process of the international division of labour, but these subchapters had already appeared in their entirety as an appendix to the third edition, albeit under different headings. Also, the fourth edition appears to be more voluminous with its 426 pages compared to the previous 346 pages but then the type set of the fourth edition is just that little more comfortable for the short-sighted to read!

More critical, Professor Szentes has found neither the passage of time nor the changing directions of the world capitalist system sufficient ground for revising his central belief in the general and identical qualitative features of underdevelopment everywhere in the Third World, and in the continuation of these features under new forms of dependency and exploitation. For all their internationalisation of productive capabilities, multinational corporations—he says—are by no means really international business organisations, but instead incorporate relations of dominance and subordination in a hierarchical organisation with the leadership of certain national capital (p 207). Contrary to the expectations concerning their more international character, the new pattern of foreign direct investments will not widen but limit the sphere of national decisionmaking (p 191). Professor Szentes thus reaffirms an 'orthodoxy' of neo-marxist theories of dependency which seems quite unaffected by any recent debates within Western marxism on the changing character of global political economy. But we are promised a new column: *Theories of World Capitalist Economy*, now in preparation.

Perhaps Professor Szentes will take these new developments and these debates on board then?

ANKIE HOOVELT

*University of Sheffield*

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### **Can the Third World Survive?**

Jacques Loup

London: Johns Hopkins University Press. 1983. 244pp. £8.95pb

This book is written with an eye to the future problems looming large over the end of the century for the poorest of low-income Third World countries, and begins from a simple position:

The alternative 'blueprints for survival' variously proffered, whether of a capitalist or a Marxist persuasion, do not provide us with the answers to the failures of the past and the issues of the future.

The author responds to this challenge by painting on a broad canvas, firstly by assessing the impact and achievements within the Third World of three decades of capitalist economic growth (Chapters 1-3); secondly, by critically evaluating the relative problems this growth has been unable to solve (Chapters 4-8); and, thirdly, by suggesting the modest outlines of a dependent-capitalist development strategy for achieving growth and equity within the poorest of Third World countries, against a background appreciation of the 'mutual dependence' between the advanced countries of the North and the relatively underdeveloped hierarchical countries of the South (Part 3).

As a timely and stimulating contribution to the continuing debate on international development strategies, this book will provoke controversy within certain circles of the development economics school of thought, for a number of reasons. Space will not permit me to elaborate, but broadly speaking I suspect that intense discussions will rage primarily around Part 3 of this book. The critical reader cannot deny the correctness of the author's visionary focus pertaining to the future survival of the Third World: the necessity of modifying development strategies in order to increase the productive capacity of the poorest (*sic*). Land reform to give a plot to each agricultural worker, development efforts specifically oriented toward small farmers, rural works programmes, and promotion of labour-intensive industries and of small firms in rural areas ... (p 183).

However, Loup's contention that these objectives can best be achieved via the route of dependency-capitalist development strategies such as to be found in operation in South Korea, Thailand, Hong Kong, etc, is foreshadowed by flagrant omissions and underemphases about the problems attendant upon such strategies, 'progressive' though they may be. There is omission and underemphasis also in his discussion of the solution to the debt crisis now plaguing the Third World, whereby, with the exception of about two to three paragraphs interspersed throughout Part 3 dealing with this question, no detailed analysis is provided. Equally noteworthy is the spate of unconvincing sweeping generalisations frequently made throughout the discussion on strategy concerning the supposed benefits to less prosperous Third World countries for pursuing a strategy of industrial diversification like Thailand, etc, (from production based on the

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## BOOK REVIEWS

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exploitation of primary produce for export to manufacturing export production), and by increasing their trade dependency upon the developed industrial capitalist world economies. All this adds up to convey the impression that the author is suggesting that a greater degree of exploitation of opportunities by capitalist forces within and beyond the borders of Third World countries is the most desirable route to industrialisation. It is not entirely clear whether or not this is the author's primary assumption, but nevertheless, the idea that there occurs dependent capitalist development in the sectors of the Third World integrated into the new forms of ultra-monopolistic expansion, is not entirely new. What is eye-catching however, if nothing else, about Loup's thesis and 'alternative' strategy is that it suggests that capitalism *cum* foreign capital can positively industrialise the less advanced underdeveloped Third World countries; and that the new dependency can usher into these countries structural dynamism as opposed to stagnation or underdevelopment. The absorbed reader cannot but note the convergence in theses between Loup's concern with the reconciliation of the two objectives of economic growth and social justice on the basis of a dependent-capitalist development strategy for increasing the productivity of the poorest within the Third World, and the concerns of the proponents of the 'theory of the internationalisation of capital' in rebuttal to dependency theory.\*

These remarks, however, are not intended to give the impression that Loup's thesis in this book represents the sentiments toward Third World development of the conservative school of thought within development economics. As a former World Bank economist the author represents the more progressive clique within that establishment, and he has provided the international development community with a book (which incidentally is a translation from his original work *Le Tiers-Monde, Peut-il Survivre?*, 1980) that is well written, lucidly presented, painstakingly researched, and far-reaching in its implications. The book brings together also a collection of empirical data on almost every aspect of Third World industrialisation throughout the last three decades which ought to guarantee it the distinction of being a useful source of reference for students and researchers alike for some time to come.

Despite its shortcomings, I strongly recommend that this book be read and discussed by both left-wingers and conservatives alike who are concerned about the future survival of the developed and developing nations. It demands nothing more from the reader than the awareness that the 'sharing of poverty' is no solution to the development crisis of the modern world.

EVERTON A PRYCE

*University of Essex*

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### Appropriate or Underdeveloped Technology?

Arghiri Emmanuel

Chichester, England: John Wiley. 1982. 186pp. £11.00

The title of the book in a sense explains the main focus of Emmanuel's argument. He

\* See, for example, H S Marcussen and J E Torp, *Internationalisation of Capital: prospects for the Third World*, London: Zed Press, (in association with the Scandinavian Institute of African Studies, Sweden), 1982. See also my 'Theories Change but the Problem Lingers On', in *South* (London) February 1983, pp 45-7.

evidently does not believe in the concept of appropriate technology, which he considers to be impoverished technology. He argues that those developing countries that use appropriate technology will only continue to perpetuate their underdevelopment and poverty, and this will ensure that developing countries will lag even further behind developed countries in terms of their overall development. He argues most strongly in favour of capital-intensive technology which he believes maximises the country's social welfare by maximising the quantity of products available to its citizens. Transfer of the most modern, capital-intensive technology accelerates the development process, which will reduce the time necessary for developing countries to develop.

Emmanuel argues that since multinational companies have access to such advanced technology, they are the essential means by which the Third World countries can develop themselves. He considers that the 'factories managed by multinationals are factories that work', but 'one cannot say as much for those whose construction has been attempted here and there in the Third World by its own means'. He flatly states that: 'One may in conclusion wonder if the debate concerning the specificities of the MNC does not, in the final analysis, show us that in the achievement of accelerated industrialisation of an LDC, the MNC constitutes the worst means, except all others by which it should be replaced'.

Emmanuel argues that 'one has the culture corresponding to one's technology and it is quite illusory to seek the technology corresponding to one's culture'. He believes that 'cultural authenticity is also the tourist picturesqueness of underdevelopment. We can do without this. Humanity is neither a zoo nor a museum of anthropologically exotic'.

Emmanuel's text was used as an introduction to a Conference organised in Paris in 1980. According to the Preface of the book by Michael Ghertman, there were many critiques, some of whom were 'as harsh and polemic as Arghiri Emmanuel's text'. Only two of these criticisms are reproduced in the text. Professor Celso Furtado criticised the text because of its polemical approach, and Emmanuel for not being able to prove his central thesis that multinationals are irreplaceable since they spread technical progress throughout the world. Hartmut Elsenhaus pointed out some of the inaccuracies of Emmanuel's arguments, including the fact that labour-intensive technologies do not necessarily lead to less production.

*Appropriate or Underdeveloped Technology?* is an interesting book. While one may strongly agree or disagree with the author's views, it is a useful contribution to a continuing debate on a complex but important topic.

ASIT K BISWAS

Oxford

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### **Economic Sanctions: ideals and experience**

M S Daoudi and M S Dajani

London: Routledge and Kegan Paul. 1983. 263pp. £14.95

An addition to the still slender list of books which deal generally with the subject of international economic sanctions is welcome and *Economic Sanctions: ideals and experience* by Daoudi and Dajani is particularly useful because it provides comprehen-

sive case-studies of collective sanctions, undertaken inside or outside the framework of international organisation, and unilateral measures adopted by single states. It is also refreshingly up-to-date: both the Falklands/Malvinas conflict of 1982 and the controversy over gas pipeline sanctions which strained relations between the United States and its West European allies in 1981-2 find a place in its pages. It also has an excellent bibliography.

While the authors may somewhat overstate the past tendency to analyse the utility of economic sanctions solely in terms of their success in meeting ostensible objectives, there is no doubt that closer attention to the multiple purposes that sanctions serve is necessary and useful. Some of these purposes are obviously related to the domestic environment of the initiating governments and will remain unstated. The book focuses on this issue of objectives and the authors conclude that sanctions can be 'useful and effective' (p 168) if their true objectives are taken into account. They also state that 'the fascinating power of economic sanctions lies in their ability to creep in on a target nation and, given enough time, to weaken it beyond measure' (*ibid*). Not everyone will agree with this particular conclusion and it should also be noted that the damage done by sanctions cannot be confined to their targets. Initiators, third states, and indeed the whole international system can suffer unexpected as well as expected costs. This, too, is an aspect of sanctions which deserves more analysis than it has yet received.

MARGARET DOXEY

Trent University, Ontario

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### Social Clauses and International Trade

Göte Hansson

London: Croom Helm. 1983. 198pp. £12.95

This fine book has made a very timely appearance in view of the vastly increased incidence of protectionism in the world economy during the last ten crisis-ridden years. Given that the existence of defective working conditions can give rise to demands for trade barriers against imports of products produced under such conditions, the author is concerned with two main issues. One is the effect that the insertion of social clauses into the rules governing international trade would have on the exporting economies, in particular prices, national income, employment and income distribution. The second issue relates to the advantages and disadvantages of social clauses in comparison with the possible alternatives of tariffs, import quotas and voluntary export restraints.

The author concluded that, although the introduction of social clauses may have the psychological effect of reducing the demand for traditional protectionist measures, as a protective device social clauses are of doubtful effectiveness. For example, in labour surplus economies, social clauses on hours of work and child labour are less effective than clauses on wages and occupational health and safety. Also, higher wages caused by the social clauses have to be weighed against the losses of other workers in the form of lower wages, increased unemployment and higher prices. The other major finding is that an export economy would tend to prefer voluntary export restraints to social clauses and tariffs, whereas an importing economy would prefer tariffs to social clauses and voluntary export restraints.



Two critical observations can be made of the author's analysis. One is that the latent capacity for introducing protectionist measures against each other in times of recession is probably greater among developed countries (e.g. United States vs. European countries) with basically the same social and working conditions than the author appears to admit. Second, importing countries are not as concerned about social conditions in the export-oriented developing economies (as evidenced by the high incidence of authoritarian governments) as with protecting their weak domestic industries and the level of employment therein. An introduction of social clauses in export economies, therefore, may not affect in any way the willingness of importing countries to impose protective conditions. What matters is economic power; however, the developing countries lack any effective retaliatory capacity.

MAURICE A ODLE

*United Nations, New York*

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#### **Village Water Supply in the Decade: lessons from experience**

Colin Glennie

Chichester, England: John Wiley. 1983. 152pp. £12.95

A direct result of the United Nations Water Conference, held in Mar del Plata, Argentina, in March 1977, was the declaration of the period 1980-90 as the International Water Supply and Sanitation Decade. Immediately following the Water Conference and until about 1982, multilateral aid to water supply and sanitation projects increased. Thereafter, however, multilateral aid for such projects has actually declined.

According to the author, the two main purposes of the book are to:

- i) fill the gap that exists at present because of the lack of detailed analysis of first-hand information on rural water supply indicating how the programme developed, how it is working, and problems faced and how they were overcome; and,
- ii) indicate certain fundamental principles and guidelines for the development of rural water supply programme in any developing country.

The first contention that such literature currently does not exist is partially correct. While it is true for certain developing countries, substantial material does exist in others. Often these analyses and facts are written in local languages, which foreign technicians and scholars cannot read, and thus it is assumed that such reports do not exist. It is interesting to note that of the twenty-five items cited in the bibliography, not even one is by a developing country author and published in a developing country, and yet numerous such reports and papers do exist.

The book provides a good account of a rural water supply programme in Malawi, especially in terms of public participation and use of low-cost technology. In eight chapters, the author discusses historical development, programme organisation and management, field level organisation and management, field staff, technical aspects, maintenance, benefits, and sanitation. These chapters are well-written and contain much pragmatic and useful information. Glennie correctly points out that the performance of the field staff as the 'most crucial to the success of any rural development

programme', a fact often forgotten by some planners and policymakers. The quality, training and motivation of field staff is a most important factor. The importance of maintenance is stressed, and the author points out how a maintenance system was devised in Malawi in which the community could play a realistic role.

In the final chapter on 'Implications for the decade', the author suggests four phases of programme development—pilot, consolidation, expansion and maintenance. The programme in Malawi took nearly a decade to develop from the beginning into a strong programme. The author concludes that the 'real target for the Decade should be the development of strong, viable national programmes, staffed with experienced management and field personnel, following well-known policies and procedures and enjoying the confidence of the communities to be served', to which this reviewer can only say 'Amen'.

ASIT K BISWAS

*Oxford*

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### **Economics of African Agriculture**

John Levi and Michael Havinden

London: Longman. 1982. 175pp. £3.95

This book is a very useful introduction to the agricultural economics of sub-Saharan Africa, and also to the agricultural economics of developing countries. This is especially so for the authors' central chapter on 'Labour and Time'. This presents a theory of peasant economic behaviour based substantially on the work of Chayanov in which the peasant's production decision is determined by a trade-off at the margin between the loss of utility from leisure (or some other activity) and the gain in utility from additional effort exerted through labour. Here the authors are concerned to show the inappropriateness of the orthodox microeconomic profit-maximising theory of the firm by substituting the theories which they regard as more appropriate—Chayanov on the overall production decision of the family farm, and Michael Lipton on the allocation of time between different crops. However, while Levi and Havinden are concerned to emphasise the distinctive character of the peasant economy (a matter of some debate to which the authors do not refer) and to reject 'conventional' economic theory, they still effectively use the methods of neo-classical labour economics, implying the very universality of *homo oeconomicus* that they appear to want to reject.

They supplement their theoretical analysis with a wide range of empirical material from different parts of the African continent. They provide a broad overview of the varied agricultural environments to be found on the continent, laced with more detailed accounts distilled from selected published research. They have separate chapters on the historical evolution of African agriculture and on the history of agricultural policy, a division which tends to deflect from the interrelationship between the two, especially during the colonial era. They adhere to the conventional 'factors of production' framework with separate chapters on land and capital to add to their central chapter on labour. Their separate chapter on agricultural exports preserves the division between export and other crops which again deflects from the material presented elsewhere in the book on the adverse effects on food crop production of the expansion of export

crops, as well as the positive effects of various forms of export crop and food crop intercropping. This is not to suggest that these matters are ignored, but merely to observe that the organisation of the book sometimes tends to contradict points made in the content.

The final sections on rural development policy suffer from the apparent requirement to keep the book short. The sections on Gezira and *Ujamaa* for example do not do their subjects anywhere near justice, and the literature references, especially in the case of *Ujamaa* (where only one reference is given) do not encourage the reader to do more work. It would have been better if the authors had brought out the common and distinguishing features of rural development policies in Africa, thus being able to make reference to many more cases, rather than to attempt potted accounts of a few. The enquiring reader will want to follow these with more detailed reading, and perhaps a longer bibliography would have helped.

None of these criticisms should detract from the value of this introductory account, not to mention the accessibility of its price. There are some lapses in proofreading and copy editing, which occasionally confuse, but in general the book is well-written and clearly presented.

PETER LAWRENCE  
*University of Keele*

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### **Ethiopia: an heretical revolution?**

René Lefort

London: Zed Press. 1983. 301pp. £17.95. £6.95pb

René Lefort, long known to readers of *Le Monde Diplomatique* as a thorough, committed and versatile writer on the Third World, has produced one of the best accounts of this controversial revolution. Drawing on months of residence in Ethiopia in the mid-1970s, particularly in the rural areas of the south where agrarian upheaval was at its height, he brings to the subject a wealth of personal observation, a good narrative style and a sharp analytical approach.

Since he remains an outsider, and since the revolution was still in its infancy when the book was completed in 1978, Lefort's judgement is cautious. His starting point is that what occurred in and after 1974 was a revolution, of profound significance. It toppled a feudal state and set in motion the transformation of social relations and the economy. (His English publishers seem to have less confidence in this judgement, since they have put a question mark after the subtitle, issued in French without one.)

In the best chapters of the book he details the effects of the revolution on the rural areas where the majority of the Ethiopian population lived in dire poverty, weighed down by feudal exactions. Here, the Derg introduced radical changes by freeing rural producers from debt and giving land to the tillers. Despite the land reform's failings, it remains the revolution's greatest achievement.

Lefort has rather too little to say about another major dimension of the Ethiopian revolution, the question of the non-Amharic ethnic groups who remain in revolt against the centre, and he expresses his strongest reservations about the role of the military. He identifies what he sees as the growing authoritarianism of the state, as the Derg

increasingly isolated itself through the bloodshed that followed its accession to power and which reached its grisly peak in the government's Red Terror of 1977-8.

Lefort's book holds up reasonably well six years after its narrative ends, but it is badly in need of an updating chapter. The regime has, through various means, consolidated itself politically since then, and the military are about to found a ruling party to mobilise civilian support. The war in Ogaden, which prompted the Soviet and Cuban interventions of 1977, is now much calmer. But the country faces a terrible famine, and the nationalities issue appears no nearer a solution. The Ethiopian revolution has still to find a stable post-revolutionary order, itself a precondition for a full assessment of this great historical event.

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### **Split Vision: the portrayal of Arabs in the American media**

Edited by Edmund Ghareeb

Washington DC: American-Arab Affairs Council. 1983. 402pp. \$12.95 \$6.95pb

*Split Vision* includes 31 interviews and articles, all of which are intended to identify and explain the anti-Arab bias which prevails in the United States. Although the title of the book indicates that the object of the inquiry is the anti-Arab bias as it is reflected in the media, happily it goes beyond the media, and thus gives us the most comprehensive picture of this phenomenon attempted anywhere else. Interviews with journalists on the media are supplemented by articles, written by scholars, on anti-Arab bias as it is manifested in textbooks, fiction, children's literature, comic strips and television cartoons, films and the theatre, and even games and popular songs. The result is a wide ranging survey of anti-Arab bias in American culture in general.

In his introduction to the book, Dr Ghareeb summarises the reasons for the unfavourable stereotyping and bias encountered in American culture against the Arab people, as they are revealed by the interviews and article which makes up the book. These include the traditional American ignorance of and bias against non-Western culture, the think-alike atmosphere within the media, the Arab-Israeli conflict and the widespread ignorance of the nature and history of that conflict, and the powerful Israeli lobby in America, as well as the inability of the Arabs themselves to make effective use of the American media to project a more favourable image of themselves and their causes.

The author, through the interviews and articles he included in the book, does a commendable service by clarifying how and how thoroughly the anti-Arab bias permeates American culture. He neglected, however, to confront one of the important possible explanations of why anti-Arab racism continues to stigmatise American society and culture at a time when it has become too risky to indulge in ethnic bias: namely, the degree to which the American media functions as an integral part of the ruling establishment which has been consistently antagonistic to the Arab people, especially in matters affecting the Arab-Israeli conflict. The interviews were essentially designed to reveal bias on the part of individual journalists, which naturally caused them to be defensive and to picture the bias—which they all admitted—as the unintended

consequence of realities beyond their control, such as the unfamiliarity of Arab culture and the difficulty of access to Arab spokespersons. It would have been useful to have looked into the institutional ties and role of the media in addition to the role and responsibility of reporters and editors.

MUHAMMAD HALLAJ

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**A Quiet Violence: view from a Bangladesh village**

Betsy Hartmann and James Boyce

London: Zed Press. 1983. 285 pp. £12.95. £5.95pb

Unequal command over scarce resources provides the key to an understanding of world hunger and why it is so difficult to introduce new technology into agriculture in many Third World countries without increasing this inequity. In an lively and informative way this book explains this in the context of Bangladesh. After living in a village for nine months the authors describe the complex social and economic relationships within village society which is home for the vast majority of the population of Bangladesh. The book gives anecdotal accounts of the history and present circumstances of this small community and is written with compassion and sometimes humour.

The title is most apt. The abiding impression is one of violence against groups and individuals in society and especially against women and children. The frequencies of beatings, killings and suicide all reflect inequalities in the struggle for resources and the abject poverty of many. Some villagers' frustration at the seeming impossibility of their struggle to survive surfaces in bouts of wife-beating of extraordinary violence. Most aspects of behaviour have to be set against the need for security in the face of uncertainties of the physical, social and economic environment.

At times (for example, over the obtaining of family planning advice and supplies for some of the villagers) the authors did take an active role in the society which they were recording. This appears to have been only limited, however, and my only reservation concerning this informative and fascinating book is the apparent detachment with which cases of extreme poverty, disease and sometimes death are recounted. Although these incidents are described with sympathy, as obvious intruders in the village with access to resources not even dreamt about by the average villager, it must have at times been hard for the authors not to avoid becoming more involved by, for example, obtaining medicine and food for the desperately needy.

Although it has no clear-cut solution to offer, the book should be compulsory reading for all those involved in development in Bangladesh and other Third World societies. It helps to explain why so much goes wrong with aid schemes to provide tube wells, rural roads, famine relief and so forth.

J R TARRANT

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## BOOK REVIEWS

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### **Islamic Peoples of the Soviet Union**

Shirin Akiner

London: Kegan Paul International. 1983. 462pp. £25.00

Akiner begins her book with the caveat that non-Westerners often overlook the tolerance of Islam toward a wide range of commitment among believers, and mistakenly search for, or worse still believe that they have found, a single interpretation for the term 'Muslim'. The very structure and organisation of Akiner's book are designed to set straight this misinterpretation, and to show both how numerous and how diverse the Soviet Muslim nationalities are.

This volume might best be termed a handbook. Akiner surveys the major and minor nationalities by geographic region (European USSR and Siberia, Transcaucasia and Northern Caucasus, and Central Asia and Kazakhstan). Her discussions of each major nationality are divided into six subthemes. Each subsection begins with historical background of the nationality, including a brief fact sheet about the current Soviet titular national political entity. She then provides a section on the number and distribution of the nationality (based on Soviet census data), and four separate but generally brief sections on the status, language, religion and foreign communities of the subject nationality. A brief historical background and some census data are provided for each of the minor national groupings.

The entries are generally of a high quality, and great effort was taken to present precise historical summaries of each people. The census data were presented clearly, with attention to basic demographic categories. One wonders though whether some of the other categories might have been condensed. Particularly the 'status' sections, which combine discussions of political citizenship and literacy, might have benefited from reorganisation. Such organisational problems, though, do not detract from the quality of Akiner's effort.

This book should serve as a good starting point for students and scholars who wish to gain some background into the Muslim nationalities of the Soviet Union. Moreover, when they are finished with the book, Akiner's excellent selected bibliography will give them good advice on where to turn next. But they will have to turn elsewhere to get either an analytical or a comparative treatment of the various subjective problems faced by these Muslim yet distinctly Soviet nationalities. It seems regrettable that Akiner did not provide some sort of analytical conclusion in which she could have returned to the issues posed in her introduction, for one feels deprived in not knowing what generalisations she reached after completing her exhaustive research.

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### **Thailand: society and politics**

John L S Girling

London: Cornell University Press. 1981. 306pp. np

This book is a balanced and lucid account of recent Thai politics, particularly useful for

the wide array of sources it assembles and its accumulation of statistical evidence (mostly in footnotes). Girling begins by examining the 'traditional consensus based on paternalism' (later formulated by King Rama VI in the slogan 'Nation, Religion, King', which was to play a vital part in the ideology of the extreme rightist *Nawaphon* group), which as he sees it has been 'disrupted by . . . contemporary social change' (p 31). His examination of the collusion between Thai bureaucratic and Chinese business interests in the early 1950s is particularly valuable, as is his account of the rise of a new class of Western-trained 'technocrats' to power during the 1960s. Girling considers that it was the absence of direct colonial rule in Thailand which reinforced the bureaucratic state, and traces the continuation of bureaucratic authority through political events since the 1932 coup. Widening disparities between the rich and poor in town and country are traced to the imposition of the rice premium and the absence of effective taxation, while the place of American and Japanese aid and investment in the Thai economy is also examined. A broad overview is provided of the major forces and institutions in Thai political and social life (although the status of women is omitted), together with chronological accounts of recent historical events.

The final two chapters comprise a review of Thailand's foreign relations since World War II (Girling warns that, given increasing disillusionment with the military coup as a solution to long-term structural problems, confrontation is likely to replace consensus in the future), and a powerful critique of the regionalism of the Communist Party of Thailand (CPT). According to Girling, the CPT's armed struggle is 'based on ethnic more than class solidarity', and still has the characteristics of insurgency rather than revolution (p 258). In dealing with the recent defectors from the CPT, Girling fails to emphasise the large numbers involved, which one might have thought would contribute to his general thesis, summarised as 'Perhaps . . . the party is fated to bring about what it does *not* want—evolution of Thai society through reforms—but which *without* its militancy and endurance would not have arisen . . .' The alternative, he suggests, is that 'external factors' will play the 'incalculable but determining role' (p 286).

One may disagree with the view that the new situation since the Vietnamese invasion of Kampuchea has simply ushered in a new period of intensified Sino-Soviet rivalry. It is surely in the context of the *rapprochement* between Thai, US, and Chinese interests that Vietnamese expansionism, primarily dictated by economic concerns (rather than either Soviet hegemonism or the 'impossibility of peaceful co-existence' with Pol Pot), ought to be placed. Nor is it the Kampuchean conflict alone which threatens to 'spill over' into Thailand. However, the book provides an excellent and critical assessment of the Thai political scene up to the early 1980s, and is warmly recommended.

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**Merchant Banking in ASEAN: a regional examination of its development and operations**

Michael T Skully

Kuala Lumpur: Oxford University Press. 1983. 200pp. £21.00

*Merchant Banking in ASEAN* is subtitled *A regional examination of its development and*

*operations*, and is devoted to describing how merchant banking operates in the five ASEAN states (Indonesia, Malaysia, Philippines, Singapore, and Thailand). Indeed, approximately seventy pages are used to list the names, addresses, phone and telex numbers of the various merchant banking firms in the five countries, plus the names of individuals and institutions owning shares in such establishments. No doubt this provides a lot of help for the working professional in ASEAN finance, and especially the visiting banker from New York, London, or Tokyo, but it makes for dull reading for the meticulous reviewer.

The author cites Sir Edward Reid of the prominent British merchant banking firm, Baring Brothers & Co., as defining 'merchant bank' as a term '... sometimes applied to banks which are not merchants, merchants who are not banks, and sometimes to houses who are neither merchants nor banks' (p 11). Skully suggests that merchant banks function in four broad functional areas: money-market and lending operations (which are also often the habitat of ordinary deposit-taking commercial banks), underwriting of securities and advisory work (in other words, corporate finance), investment management, and 'other services'. He notes that the last category has covered such business as '... venture capital, leasing, factoring, tax and estate matters, and insurance, commodity and bullion broking and dealing ...' (p 12). However, innovation and adaptability are a key feature of merchant banking—thus, a definition carefully crafted three or four years ago would now undoubtedly be out of date.

Historically, merchant banking in the ASEAN region can probably be traced back to the sixteenth century in the Philippines, where *boletas* (representing cargo space on the yearly Manila-Acapulco shipping convoy) were traded in a nascent commercial paper market, or to the British trading houses of the eighteenth century. The author mentions a number of names that are famous (or perhaps infamous) to anyone interested in the economic history of the Far East: '... Jardine Matheson in Hong Kong and Shanghai, Kerr Rawson & Co. in Singapore, Russell & Sturgess in Manila, and MacLane, Watson & Co. and Fraser, Easton & Co. in what is now Indonesia' (p 16). In terms of local Asian merchant banking, the author mentions the case of the Japanese *Zaibatsu* trading houses (with Yamaichi Securities, going back to 1897, being the oldest) as well as the Credit Corporation of the Philippines, 'a predecessor of the Ayala Investment and Development Corporation', going back to 1936. In the period after World War II, quasi-official merchant banking was given a special impetus by the World Bank's International Finance Corporation (IFC), which was instrumental in establishing affiliates in both Thailand (1959) and Malaysia (1960).

The main thrust of the book, however, is devoted to a discussion of more recent developments in ASEAN merchant banking, particularly the emergence of regionally-oriented markets and institutions. The Asian dollar market, which traditionally has solicited deposits in Singapore and made loans out of Hong Kong, will be an example familiar to most readers. There will probably be less knowledge about the emerging ASEAN bankers' acceptances market, and institutions such as ASEAM, PICA, and Bancom. So that readers will be tempted to buy the book for their own library, let me simply mention that ASEAM stands for 'Asian Euro-American Merchant Banking Group', set up by the Bank of America in four of the ASEAN countries and Hong Kong, and that PICA stands for the Private Investment Company for Asia, SA. The latter was established in 1969 by a '... diverse group of some 230 corporate shareholders from twenty different countries, each holding an approximate 0.5 per cent interest, and has



a professional staff of sixty-two comprising seventeen different nationalities. Such a diversified private-sector-backed organisation is quite intentional as PICA believes that as a result of this neutrality or independence it can offer its customers more objective advice: it has no parent company or national interest requirements to fulfil' (p 71). The saga of Bancom Corporation of the Philippines is probably worthy of a lengthy novel, with its courtship with American Express as a major theme, but suffice to say that it represents a serious private sector attempt to regionalise banking and finance in the ASEAN.

A major shortcoming of Skully's work is the fact that it tends to be descriptive rather than analytical. He establishes quite clearly that merchant banking activities have become much more important in the 1970s, for example. A number of reasons can be given for this development: higher oil prices swelled the pool of the so-called 'petrodollars', which needed to be invested somewhere; world trade and financial flows grew rapidly; the ASEAN emerged as a politically stable and economically credible grouping of countries during this decade; and the possibilities for the establishment of traditional commercial bank branches were limited, even in the ASEAN. As a result of these trends, merchant banking ventures grew apace. As Skully says:

... The initial orientation of the industry is quite understandable for a major portion of the ASEAN merchant banks are consortium ventures between a local and a number of foreign partners: the local partner providing the market contacts, and the foreign partners the necessary capital and expertise. This structuring placed the foreign interests effectively in control for at least in the initial stages they provided the managerial personnel (p 76).

This citation is indicative of the work as a whole—useful insights and (probably) valid generalisations are made without very much analytical material to back them up. While we can certainly agree that merchant banking is probably much more important than would be indicated by its 2.3 per cent of total financial system assets in Malaysia, could we not at least begin to indicate what sort of statistics would be needed to measure its true value?

The volume contains a good bibliography and a useful index. The reviewer found four or five typographical errors (pp 41, 46, 51, 67, 122), and was not over-enthusiastic about the many TOO charts ('table of organisation'). Nevertheless, Mike Skully has produced a very useful handbook for anyone doing business in the ASEAN—or thinking about doing some in the future—and we should be thankful for his willingness to provide expert and detailed information about that very interesting and important part of the world.

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### **Women, Work and Property in North-West India**

Ursula Sharma

London: Tavistock Publications. 1983. 226pp. £10.50. £5.95pb

Using ethnographic data gathered in two villages, Harbassi in the Punjab and Chaili in Himachal Pradesh, Ursula Sharma sets out to examine women's role in production (particularly agricultural production), and ideology. She relates women's economic

activities to other aspects of female status—their roles as sisters, wives, mothers, and their relationships with other women—and to the interaction between behavioural constraints such as the norms of purdah, economic constraints, and kinship obligations. In particular, Sharma examines women's relations with territory ('space considered as a social rather than a geographic reality') and with property, especially land; their roles within the domestic and the agricultural economies; and their position within the household unit.

In examining what characterises women's position in the process of production Sharma's point of departure is their position within the household, not only as the basic unit from which the economy is built up, but 'because it is largely through their domestic roles that women are allocated work or leisure'. The author's position both as a social anthropologist and in 'the daughter-in-law role' as she aptly terms it, gives her the ability to provide an intimate, empirically detailed, and fascinating account of women's daily lives in these two North Indian villages. Despite the marked territorial differences which she discovers in the behaviour of women from the two locations, on analysis, Sharma judges these differences to be less significant than at first sight: for both sets of women, opportunities for economic independence and control over their own activities presented the same limitations. Their capacity to influence decisions and exert control (e.g. as matchmakers—a traditional role for women in certain hierarchical positions in a purdah society, and one found by a number of authors frequently to entail considerable power) tended to depend on factors unrelated to their productive work, but rather were linked to their structural position as links between households. As a determinant of social power in Sharma's context, women's participation in agricultural work constitutes only one variable among many. This book provides a valuable insight into the lives of rural women in North India, placing it within a clearly structured analytical perspective. Anyone interested in the problems of gender, status, production and ideology, methods of anthropological analysis, and North Indian society in general, would do well to read *Women, Work and Property in North-West India*.

EMMA HOOPER  
London

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### Threats to Security in East Asia-Pacific

Charles E Morrison

Lexington, Massachusetts: Lexington Books. 1983. 221pp. £22.50.

The letter 's' in the word 'threat' in the title, is crucial, and indeed welcome. This is not another book obsessed with the Soviet threat in East Asia. Nor is this another book calling for a grand United States strategy for the coming 'Pacific century'. This book of conference papers organised by the Pacific Forum in 1982 is a complex series of judgements on a topic most often seen in Manichaean cold war terms. Its purpose derives from the objective of the Pacific Forum to 'improve mutual understanding of divergent perceptions, to analyse the implications of those differences for regional cooperation, and to recommend new policy directions to strengthen prospects for peace and security'.

The strengths of this book are twofold. First, it adopts an essentially regional approach. The bulk of the chapters is from the national perspective of Pacific states, from Australia to Thailand. What is most striking is that most of these states do not see the Soviet Union as posing a serious threat to their security. Unlike the American perspective of some of the contributors, the regional analyses see diverse problems, most of which are derived from domestic instability. The second strength is the related argument that global approaches to Pacific problems are useless. There is no point in exaggerating the extent of 'the Soviet threat', because that is not the source of insecurity in the area. Most chapters argue that the presence of three great powers, the United States, the Soviet Union and China, along with the dominant Japanese economic power, complicates any attempt at a strategic overview. What is more, each state faces specific domestic problems, most of which have nothing to do with great power machinations.

This is intended as a policy-relevant book, but it will infuriate those seeking simple answers to Pacific problems. Those arguing for a more differentiated approach to regional insecurity will find more than enough ammunition to support their case. For example, in chapter 4, Bernard Gordon notes that almost every local state disagrees with the American vision of an imminent Soviet threat to the region. They are also far more wary of China than most Americans, and in general reject the view that domination by a single great power is possible. In chapter 5, Shinkichi Eto emphasises the importance of Japan's market as opposed to warrior diplomacy, and the overriding objective of maintaining peace and free trade, rather than challenging Soviet power. In chapter 13, Donald Weatherbee offers a novel study of ASEAN communist parties, suggesting that they are shifting from rural to urban tactics as the nature of society in these states changes. He clearly rejects the notion of a domino theory, arguing that the splits in international communism and the different problems in each ASEAN state, makes any such overarching theory inapplicable.

So where are the strategists seeking policy relevant conclusions left? In chapter 15, Bernard Gordon warns them off formulating anything that can be called a general strategy. He certainly cautions against imposing any strategy on local states, without regard to indigenous requirements. That all sounds most obvious advice, but then American, Soviet and Chinese policy seem determined to ignore the obvious.

GERALD SEGAL

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**No Fist Is Big Enough To Hide the Sky: the liberation of Guinea-Bissau and Cape Verde**

Basil Davidson

London: Zed Press. 1981. 187pp. £16.95

**Amílcar Cabral: revolutionary leadership and people's war**

P Chabal

Cambridge: Cambridge University Press. 1983. 272pp. £22.50. £9.95pb

*The Liberation of Guiné* was published in 1969 and marked a milestone in our understanding of the new revolutionary phase of African nationalism. The author, Basil Davidson, awakened us at that time to the significance of the emerging revolutionary

movements in Portuguese Africa. But more than this, his observations indicated a way forward for Africa itself.

Synthesised in most beautiful and readable prose, one finds in this book the core of Davidson's original thought on the African experience, later extended in several major works—notably *Africa in Modern History*, *The Search for a New Society*, and *The People's Cause*. It is with great pleasure, therefore, that we welcome the republication of the book by Zed Press, with four original chapters to update it. The new edition is entitled, *No Fist Is Big Enough To Hide The Sky*.

The book was originally produced at a time when the West saw a growing resistance, spearheaded by the young, against the United States' war upon the people of Vietnam. Davidson travelled in Portuguese Guinea with two Vietnamese fellow-guests of the PAIGC (African Party for the Independence of Guinea and Cape Verde). The comparisons with the Vietnamese struggle in the book serve to demonstrate not only the similarities between two geographically different, but equally genuine, people's national liberation struggles, but also helped turn an international spotlight on a hitherto unknown war of oppression, enabling the building of an anti-imperialist support movement in the West with the PAIGC of Guinea, Frelimo of Mozambique, and the MPLA of Angola. The original book was stunning in its impact, not least because of the absolute honesty of its *reportage* and the author's ability to bring to the reader a peasant's-eye view of fighting a war against a NATO-armed military machine. The napalm falls, a young fighter is swathed in bandages. But why are they fighting? How and With Whom? Under What Precise Conditions? By What Political Principles and Organisation? By What Military Methods? Involving What Obligations? Towards What Future? With What Wider Meaning? These eight questions provide the chapter headings for the original book which comprises the first two-thirds of the new edition. They remain the most important questions to ask.

It is timely that this book should now appear when the West, in deepest recession, has lost the centrality of focus and support for anti-imperialist struggles characteristic of the late 1960s. Given the new wars of imperialist intervention, reawakening the fervour of this cause is doubly important at this time. Anti-imperialist solidarity movements should not be a function of the affluent, alienated, conscripted generation of the 1960s, any less than of the unemployed, recession-bitten 1980s. The harsh fact is that the climate has changed. Solidarity with anti-imperialist struggles in the West is not what it was. The message of Davidson's book deserves, therefore, the widest possible audience. It is a committed but ruthlessly honest account of his observations and reflections on a national liberation struggle.

The barriers to the spreading of that message are threefold. First, as already noted, the changed climate. Second, that Guinea and the other Portuguese colonies are now independent, and support for the building of a socialist alternative is somehow not so attractive as the wars against a fascist coloniser. Thirdly, the book is priced at £16.95, a function of the world recession in no small measure, I am sure, but necessarily limiting its readership to library subscribers. Is there no way to get round this problem?

The book demonstrates all the virtues of committed writing, which necessarily retains the unblemished integrity of the author. His doubts are voiced, his queries raised, but all within the context of a clear commitment to the national liberation struggle. There is no academic neutrality possible in the face of fascism and colonialism. Those who try are tarnished by the brush of such a double infamy.

It is all the more surprising in the light of this, to find one whose inspiration is acknowledged to be the publication of this book in 1969, and pursuing a doctoral study of the writings of Amílcar Cabral, leader of the PAIGC, as a result, criticising Davidson's book in the worst manner possible. Chabal has recently written a study of Cabral, a seemingly unreconstituted version of his doctoral thesis at Cambridge University. He has also produced a savage personal attack against Davidson's book in a review published in *African Affairs*.<sup>1</sup> The simultaneous publication of the two are not circumstantial. This follows in the best/worst tradition of Oxbridge academics attempting to capture and monopolise a particular intellectual terrain. In the case of Chabal, he fails in the effort.

A serious and careful study such as he has produced on the works of Cabral, is only spoilt by unfounded attacks on the pioneer of studies on the Guinean revolution. The bulk of Chabal's criticism is that Davidson has not revealed the profoundly important debates associated with the 1964 Congress of the PAIGC, which Chabal purports to unveil for the first time. Unfortunately for him, Davidson had already written extensively on the significant content of the internal struggles that these entailed in his work *Africa in Modern History*. The details of the internal struggles within the PAIGC only became available well after the publication of *The Liberation of Guiné*, but well before Chabal's self-proclaimed revelation in his book. Davidson revealed Cabral's struggles against the militarist and commandist tendency in the PAIGC and placed it within the context of an evolving revolutionary dynamic within the African nationalist movement, back in 1978.

Chabal's book combines a biography of Cabral and commentary upon his work with an overview of the nationalist struggle. An extensive bibliography of Cabral's writings is provided, which is most useful. The above criticisms aside, the book does make a useful contribution to our knowledge, albeit devoid of a firm political commitment of the author, who at times appears to go out of his way to suggest that Cabral was important in spite of his Marxism rather than because of the creative manner in which he both developed it and applied it to change the world.

BARRY MUNSLOW

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**The Economies of the ASEAN Countries: Indonesia, Malaysia, Philippines, Singapore and Thailand**

Brian Wawn

London: Macmillan. 1982. 188pp. £25.00

**The Development of Labour Intensive Industry in ASEAN Countries**

Edited by Rashid Amjad

Geneva: ILO. 1981. 337pp. \$10.00

*The Economies of the ASEAN Countries* is one of a recent series of Macmillan Southeast

<sup>1</sup> P Chabal, 'Partisan Picture', *African Affairs*, 82 (326) January 1983, pp 123-8.

Asia/ASEAN books and its economic orientation is a useful addition to what have been, thus far, more politically or financially-related titles.

The book itself comprises eight chapters with the bulk of the contents devoted to the specific coverage of the economies of ASEAN's five respective members. There is also a short introductory chapter, one devoted to ASEAN economic cooperation, and a concluding chapter as well as a list of references and an index.

Each of the five country chapters follows a similar pattern covering the role of the government, macroeconomic policy, balance-of-payments, foreign investment, industry, agriculture, mining, energy, the financial sector, and the labour market, as well as an introduction and conclusion. They are of a similar length and quality. As the author explains in the Introduction, 'Each country chapter, averaging 33 pages, is self-contained and can be read separately by those not interested in all chapters'. The other chapters are much shorter. The one on ASEAN economic cooperation, for example, is nine pages long. Given the variety of topics within each chapter, the coverage of each is understandably brief; again to quote the author, the 'emphasis is placed on recent economic developments and the outlook for the 1980s'. This orientation has helped to keep the discussion on most topics to at most a couple of pages.

The results are a fairly-quick-to-read reference on each of the countries concerned and as suggested in the introduction, it is ideal for business people. Not all readers will find this conciseness an advantage, and may seek further details from the book's 57-entry bibliography. Like the chapters, the choice of references are biased toward fairly recent material (most 1980 or 1981), and, again, the reader may wish that a greater selection was provided. It would have also been more helpful to have broken down the bibliography by country sections and, located alongside rather than at the end of the book. Similarly, if intended as a business reference a few local addresses for more recent material or further information might well have been included.

In conclusion, the book is good to have on the shelf as a quick and relatively current (mainly 1980 data) reference text. Frequent subsequent editions, however, will be required for it to continue to perform this function as ASEAN and ASEAN economic matters are subject to constant change. The author is no doubt aware of these requirements and the conciseness of each chapter and the book's word processor styled typesetting suggest that he is well aware of these limitations and the potential they afford.

*The Development of Labour Intensive Industry in ASEAN Countries* is a collection of five 'case studies' on ASEAN country policies on labour-intensive industries and their development. There is also an introductory 'overview' chapter and a 23-page summary of the proceedings of a working group seminar on this subject is included as an appendix.

As might be expected, each of the five 'case study' chapters is devoted to a specific ASEAN country and seemingly prepared by contributors from the respective countries. It seems probable that each contributor was provided with a similar outline but possibly the differences between countries made it impossible to be followed exactly. Nevertheless, each chapter commonly includes an introduction to the labour market and the economy of the country concerned, the experiences and development of its manufacturing industry to date, government policies on industrial growth and employment, the structure of the organised and unorganised small-scale industry and their respective effects on employment, problems facing developments, and suggested policies for their solution, and some concluding comments on the subject.

In terms of case studies, each of the chapters provide an all too familiar discussion of the LDCs post-war industrial development policies and their resulting growth of relatively capital intensive, but internationally inefficient, business orientated at import substitution rather than exports. Besides creating a multitude of what today are problem businesses for most countries, the combination of high protection and attractive investment incentives used to promote their development helped to ensure that smaller-scale, generally more labour-intensive and comparatively efficient industries, were starved of the capital and managerial skills necessary for their success. In retrospect then, these early policies did little to correct the basic problems of underemployment and unemployment and, instead, created a new set of challenges for today's economic planner to resolve. The consensus of the authors is that the present policies should be much more selective in specific protection measures. Indeed, they recommend that a more uniform policy of protection be developed with direct subsidies (rather than tariffs or quotas) being used where needed to encourage those industries in which the country might have a comparative advantage. The government must also take greater care in being aware of the long-term effects of their fiscal incentives, exchange rate policies, and other measures designed to encourage the growth of more labour-intensive industries and improve the efficiency (particularly in respect to access to technology) of these industries. Within the latter area much attention is given to encouraging small-scale and cottage industries as a way of resolving their current dilemma of industrial development versus unemployment.

In terms of the specific chapters, Singapore, of course, provides quite a contrast to its economically less successful counterparts. As the author of that chapter concludes, Singapore quickly realised the long-term problems with import substitution so '... did not have a long experience with an import-substitution strategy'. It instead 'dismantled tariff protection in order to foster a competitive manufacturing sector', and as a result had a fairly 'smooth' transition to an export-orientated economy.

Looking at the book as a whole, the collection provides a useful summary and discussion of the industrial development of each of five individual countries and in the process provides a wealth of statistical information which most researchers will find of interest. Indeed, had not the publisher chosen to include the word 'ASEAN' in the title, it might be considered a major success. Unfortunately, although ASEAN is mentioned many times, there is really no attempt, except perhaps in the last two pages, to relate the topic of labour-intensive industries to ASEAN itself, nor is any mention made of the ASEAN Industrial Projects, the ASEAN Industrial Complementation Scheme, the ASEAN Industrial Joint Venture concept, or the ASEAN Preferential Trade Agreements. Certainly all of these measures will have a major impact on the topic at hand in each of the countries covered, and really, should have been addressed within each respective chapter as well as probably a separate overall chapter on the topic. In short, the book is a chapter short, and thus the value of what is otherwise a most welcome addition to the literature is accordingly somewhat reduced.

MICHAEL T SKULLY

*University of New South Wales*

**Environmental Assessment of Development Projects**

UN Asian and Pacific Development Centre

Kuala Lumpur: UNAPDC. 1983. 334pp. \$10.00

*Environmental Assessment of Development Projects* is based on papers delivered at the Regional Symposium on the Environmental Assessment of Development Projects, jointly organised by the Ministry of Science, Technology and Environment of the Government of Malaysia, the United Nations Asian and Pacific Development Centre (UNAPDC) and the United Nations Environment Programme (UNEP). The Symposium met in Kuala Lumpur (1982) to consider the following objectives: a) to integrate in practical terms the environment and economic assessment of development projects; b) to identify the positive and negative impacts on the cost and benefit streams of introducing the environmental dimension into the appraisal of development projects; and c) to expand and improve the available methodology and related analytical techniques of a unified environmental and economic appraisal of development projects.

In 1980 UNEP and the United Nations Asian and Pacific Development Institute published a study entitled: *Environmental Assessment Statements: a test model presentation*, in which an attempt was made by the seven nations involved to formulate the framework of an environmental assessment system geared to development and decision making. *Environmental Assessment of Development Projects* reviews the progress and presents the framework which has evolved since 1980.

In his introductory statement the UNEP Regional Director for Asia and the Pacific noted the deficiencies of 'conventional' environmental impact assessment: it gives too much emphasis to negative impacts, involves over-lengthy procedures which decision-makers find unwieldy, and insufficiently quantifies impacts. The environmental assessment approach evolved from the aforementioned 1980 Test Model attempts to integrate environmental cost/benefit and economic cost/benefit analysis. In short the various indicators are combined into one measurable unit—relative benefit cost ratio: 'the language of the development planner' (p 45). The assessment format presented is also claimed to be simpler, cheaper and faster than 'conventional' approaches. It also takes into account both costs and benefits of development on the environment and the impacts (positive and negative) of the environment on the proposed development.

Case studies in which the Test Model has been used since 1980 are presented, these are: a South Australian petrochemical plant; Madras City (India) wastewater treatment plants; and offshore tin-dredging and tourism development in Thailand. In each case environmental assessment statements are presented. The UNEP Test Model approach to environmental assessment is discussed by Professor Amartya Sen, who on the whole is sympathetic to the framework, although he does point out shortcomings (pp 304–11).

For anyone interested in the practice of environmental impact assessment in developing countries (and possibly those applying cost/benefit analysis to development projects) will find the ideas and the abundant details of the assessment format presented in *Environmental Assessment of Development Projects* a useful text. In places minor editorial faults and the assumption that the reader is conversant with rather difficult



to-obtain UNAPDI literature may irritate the reader, but nevertheless this is a worthy book.

CHRIS BARROW

*University College of Swansea*

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**Between Battles and Ballots: Israeli military in politics**

Yoram Peri

Cambridge: Cambridge University Press. 1983. 344pp. £19.50

The military sociology of Israel is an extremely important and interesting area of study. But, as the author admits, research into civil-military relations has not progressed far since the establishment of the State of Israel. Without dwelling long on this state of affairs, Peri, a former adviser to Prime Minister Rabin and now at Tel Aviv University, provides us with a highly detailed account of Israeli civil-military relations to support his conclusion that the theory that Israel belongs to the category of stable states with instrumentalist patterns must be questioned. Unlike the findings of traditional research, Peri believes that upheaval and the possibility of a military coup in Israel should not be ruled out. What the reader should not rule out is that Peri has written, with a minimum of jargon, an excellent tractate warning where a Prime Minister's excesses may lead.

Due to the all-encompassing nature of war in Israel and the centrality of security, numerous spheres of social and political life, which could be considered 'civil', fall within security concerns and are shrouded in secrecy. Research, therefore, is nearly off-limits to non-Israeli researchers and limited even to Israeli researchers. The security issue becomes, then, not only an overriding hindrance to objective research, but, for Peri, actually becomes his major explanatory category, which thereby, logically, of course, limits his analysis.

The unprecedented depth of military involvement in Israeli political life leads Peri to ask a fundamental question: Could Israel become a Sparta? He claims that the argument affirming such a conclusion emerges from a one-dimensional approach to civil-military relations and leads to this 'shallow description'. Peri dismisses the comparison with Sparta by arguing that the dividing line is not between institutions described as 'civil' or 'military' but between spheres: the security sphere and all other spheres.

Peri enumerates five premises to the study of civil-military relations and examines the structure of the decisionmaking process rather than the substance of policies. The premises are: i) the multi-dimensional character of civil-military relations; ii) the institutional characteristics of the military and civil sub-systems; iii) the process of convergence and divergence within the two spheres; iv) the type and location of common boundaries; and, v) the nature of mediatory mechanisms between them.

From these premises, Peri's sociology looks at four distinct periods of political-military relations in Israel: 1947-57, 1958-67, 1967-77, and post-1977. Throughout these historical periods, whether it be Ben Gurion's efforts to create an apolitical IDF (Israeli Defence Force) or the increased sensitivity to political activity within the army during the Lavon affair, or Ariel Sharon's behaviour during the 1973 war, Peri finds that military service in Israel assumes added importance expressing not only political affiliation but also membership in a collective (90 per cent of the male population are

conscripted at 18). In chapters 3-5 he shows that civil control over the IDF was exercised through the party channels and has meant both a high level of politicisation in the military and the militarisation of politics.

The deep militarisation of Israeli society so clearly shown by Peri leads one to suspect his categories of explanation and raises anew the question of Sparta, dismissed so early in the book. Even if we were to accept his unexplained explanans, i.e. the distinction between institutions and spheres (and there is no reason we should) the reader cannot help but believe that his tergiversation is evidence that the prescient, and more interesting, comment of Hannah Arendt in May 1948 has not been addressed. She said that if Israel could not come to terms with the central fact of its existence, i.e. the dispossession of the Palestinians, then it would degenerate into one of those small warrior tribes about whose possibility and importance in history has amply informed us since the days of Sparta.

CLIFFORD A WRIGHT

*Institute of Arab Studies, Belmont, Massachusetts*

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**Global Environmental Issues: United Nations Environment Programme**

Edited by Essam El-Hinnawi and Manzur H Hashmi

Dublin: Tycooly International (for UNEP). 1982. 236pp. £25.00. £15.00pb

*Global Environmental Issues* was published for the United Nations Environment Programme (UNEP) on their tenth anniversary. The book is based on a series of annual reports on the state of the environment prepared each year by the Director of UNEP. These reports concentrate on topics which are either of international interest, of pressing urgency or are deemed to be emerging problems. Those published between 1974 and 1976 discussed a broader spectrum of issues than those from 1977 to 1981 and the editors have concentrated on the latter more-focused reports. Nine chapters consider environment and development; military activity and the environment; chemicals and the environment; environment and diseases. energy and the environment; water resources; food production; transport and the environment; and tourism and the environment.

In general the chapters provide an excellent, very readable overview of global environmental issues. There are abundant illustrations and, particularly useful, many coloured 'boxes' which present useful data, summarise information or give selected references. These 'boxes' allow the reader to swiftly pick out the main features of each chapter and they might also prove useful to the teacher; it is a pity Tycooly have not marketed a set of 35 mm slides or overhead projector transparencies based on the 'boxes' in *Global Environmental Issues* for use in schools and colleges.

Obviously a text of such wide coverage lacks depth in places, however, it more than makes up for this deficiency by its readable style which makes it especially useful to the non-specialist, or teachers of geography, current affairs etc., in schools.

CHRIS BARROW

*University College of Swansea*

**The Newly Industrialising Countries: trade and adjustment**

Louis Turner and Neil McMullen

London: George Allen and Unwin (for the Royal Institute of International Affairs).  
1982. 290pp. £18.00

This is a workmanlike, fact-filled account of trade and commercial policy developments that have flowed from the rise of the Newly Industrialising Countries (the 'NICs'). The two main authors are respectively from the RIIA (Royal Institute of International Affairs) in London and the NPA (National Planning Association) in Washington and they have drawn their collaborators mainly from associates at these two distinguished organisations. They use the 'case study' approach, concentrating on five industries where the impact of NIC production has been very great and then drawing the lessons for trade policies and adjustment in the advanced industrial countries. They have a free trade viewpoint but carefully examine the political pressures posed by NIC advances in these economies; this examination is the main intellectual contribution of this book. They show convincingly that political resistance to adjustment is the greater, the less multinational the less diversified, the more subject to sharp intra-AIC (Advanced Industrialised Countries) competition and the more state-owned is the affected industry (as well as, familiarly enough, the more it contributes to national employment); for example, there has been relatively little fuss or protectionism in consumer electronics, because it has been a small employer, and the firms involved have been quietly, without public intervention, either transferring operations to NICs or collaborating domestically with Japanese inward investors or simply diversifying into other areas. The comparison with the mainly nationalised and high-employment steel industry case could not be starker.

So what are the lessons for those who wish to realise the world's gain from letting comparative advantage take its course, in the process benefiting both NIC producers and AIC citizens but inconveniencing AIC producer groups who have to reallocate their activities? The obvious one, which this book does not bring out, is the education of AIC consumer public: after all, consumer electronics was basically not protected because consumers badly wanted first TVs and now videos! Politicians who played into the hands of lobbies holding them up risked becoming quite unpopular. In cases like textiles where the consumer has less intense feelings, nevertheless a little coaching in the law of comparative advantage would strengthen his hand against the specious arguments of 'job loss' from the textile lobby. The organisation of consumer opinion is crucial to developing collective rationality in democracies; and the activities of a variety of groups (e.g. those of Nader in the USA) have shown it can be powerfully mobilised.

If one accepts the inevitability of producer group power, then the earlier analysis suggests how both NICs and AIC governments can minimise its damage. But this is to sidestep the problem which is not confined to trade issues: producer group power, whether a coalition of labour and management in a protected industry or union power within a comparative industry, is a major source of inefficiency in the AIC economy. This is the problem of economic policy today. 'Adjustment assistance', which these authors cautiously favour on a temporary basis, unfortunately too frequently turns into the permanent ever-rising subsidy as the textiles and fibres quotas show; essentially such assistance is a 'cop-out'. The answer is to withdraw the government intervention, mainly in the labour market, which obstructs the quick reallocation of resources

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between sectors; and to let the old industries die quickly, so that relocation is quicker.

The major argument made against this is that the state has to pay out high levels of unemployment assistance during the long relocation process; but this is an argument for shortening the process both by clear signals to the old industries and by a realistic system of unemployment benefits. Arousing the national understanding against producer groups and translating the resulting resentment into action of this sort is the major challenge to political leadership; that it is possible to some degree has been recently demonstrated in the UK. But this book shows how far it still has to go in the trade area, in Britain more than most. It is a useful contribution.

PATRICK MINFORD

*University of Liverpool*

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### **An Atlas of World Affairs (Seventh Edition)**

Andrew Boyd

London: Methuen. 1983. 208pp. £3.95pb

### **An Atlas of African Affairs**

Ieuan LL Griffiths

London: Methuen. 1984. 200pp. £4.95pb

*An Atlas of World Affairs* has been regularly updated since 1957 to provide a series of texts, maps, and statistics on essential features of global layout and distribution—ranging through political and geographical frontiers, population, energy, organisations and alliances, and international divisions and flashpoints. As well as a wealth of factual information, the analysis of history and trends add to its usefulness as an accessible and succinct source of reference.

*An Atlas of African Affairs* is a new publication designed to give perspective to Africa's strategic international importance, and its well-known internal problems. The main topics are Africa's environment, history, economics, and politics, and there is a section on the 'South'. Like the *Atlas of World Affairs*, its short, concise sections serve as a valuable starting point for general reference, and as a springboard for more detailed research.

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### **Guide to Current National Bibliographies in the Third World**

G E Gorman and M M Mahoney

Munich: Saur Verlag KG. 1983. 220pp. £15.00

National bibliographies are important sources of information on a country's publishing output, especially in the Third World, where increasing efforts to sponsor indigenous research activities are not always enshrined in adequate documentation. This work, directed at scholars, researchers, librarians, and bibliographers concerned with

developing countries, is arranged alphabetically by country, providing a detailed survey of all Third World national bibliographies, or substitute compilations. For each country (or region, where information is scarce), the entry consists of four main elements: bibliographical citation, history, scope and contents, and, analysis.

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**EEC and the Third World: a survey—2: hunger in the world**

Edited by Christopher Stevens

London: Hodder and Stoughton (with the Overseas Development Institute and the Institute of Developmental Studies). 1982. 177pp. £5.95pb

**EEC and the Third World: a survey—3: the Atlantic rift**

Edited by Christopher Stevens

London: Hodder and Stoughton (with the Overseas Development Institute and the Institute of Development Studies). 1983. 242pp. £6.95pb

These two books are number 2 and 3 respectively in the annual series of *Surveys* of major developments in the EEC's economic relations with the Third World. They are intended mainly for policy makers, opinion formers and academics in the North as well as the so-called South or the Third World countries, and are based on the fundamental assumption that the EEC and the Third World countries have mutual interests. Neither harmony nor conflict of such interests is regarded as inevitable. The series is jointly sponsored by the Overseas Development Institute and the Institute of Development Studies and each issue is devoted to a specific theme.

The theme of *Survey 2 is Hunger in the Third World*. This, as we all know, is a very big topic. Some people go as far as to say that hunger and the alleviation of poverty is what development is all about. Unfortunately, this book, like most others in the same *genre*, does not define hunger or provide any measures of the nature of the problem or possible scenarios for dealing with it. Apparently, we are supposed to know all that is involved, or to put it another way, it assumes everyone is on the same wavelength. Maybe the editor and his contributors are, but the rest of us need to be cued in. How, for example, can one answer the question 'Does the EEC exacerbate problems of world hunger or alleviate it?', the subject of chapter 1, without actually knowing what and how big it (the problem) is? The solution is equally uninspiring, namely the alleviation of hunger in the developing countries requires 'a substantial improvement in the purchasing power of their peoples' (p 1).

In fact, this book says very little about hunger as such, and what to do about it. Rather, it is about protectionism in the EEC, both agricultural and industrial, the various forms which it takes, recent trends, and so on. In Part I (chapters 2 and 3) it discusses agricultural protectionism in the EEC and its effects on the Third World. Among the topics discussed are world food security, food aid, and the case of sugar. A full chapter is devoted to the reform of the Common Agricultural Policy (CAP) and the Third World. Although it is interestingly written, this chapter does not really say how the Commission's proposals for reform (if ever they are implemented) will benefit the developing countries. It is all left very vague.

Industrial protectionism in the EEC is discussed in Part II. Here one feels the authors are on firmer ground. Each of the four chapters in this section covers a specific aspect of the subject. Geoffrey Shepherd reviews recent trends in industrial protectionism in chapter 4, while Ann Weston provides a competent analysis of the value of the GSP (Generalised System of Preferences) to the Third World in chapter 5. The other chapters deal with the political economy of the Multifibre Arrangement (chapter 6) and the MFA and outward processing; the case of Morocco and Tunisia (chapter 7). The latter is an extremely interesting piece of analysis but at best only marginally relevant to the problem of hunger in the world. The final section covers the plight of the least developed countries which one feels is really where the problem is most acute, but the offerings here (chapters 8 and 9) are really too thin to make an impact. In fact, each of the three parts seems to stand on its own without reference to the other two, while the appendices seem to have been thrown in for good measure.

*Survey 3* takes as its theme *The Atlantic Rift* or the split between the Atlantic partners on North-South issues, and attempts to discover whether it is real and growing, or only skin-deep. This is of course an extremely important topic since many people, particularly in the developing countries, assume that the countries of the so-called North (i.e. Europe, North America and Japan) are united on every issue when it comes to dealing with the South. Of course, nothing could be further from the truth. Anyone who observes developments in the EEC knows how difficult it is for these countries to devise a common policy on any aspect of EEC life. When it comes to dealing with the United States, issues are not discussed and resolved as a simple EEC 'bloc' position, but rather as nine different countries, each with its own perceptions and national interests. It is hardly surprising therefore that from time to time there appear to be rifts in the conventional fabric of the North Atlantic countries in their dealings with the Third World countries.

The US tends to see issues principally in terms of East and West relations and tensions, while its European allies regard them as part of the ongoing dialogue between the North and the South. Although this basic point is made at several junctures throughout the study, one feels it is not sufficiently developed in terms of such considerations as ideological stances, international power politics, and historical antecedents. The 'whys' and 'wherefores' are in a sense left out of the analysis, which again gives one the feeling that perhaps this book is also mistitled. It deals, in fact, with rather more issues than can conveniently and/or competently, be analysed in one volume.

It opens with a discussion of globalism by three eminent political figures and the respective roles which both the US and Europe should play in such a strategy. One would have thought that one of the clearest and loudest messages emanating from UNCTAD VI is that globalism is dead. For all that though, it provides a useful study of various aspects and elements of conflict between the US and the EEC. Most of this is given in Part I and II and covers a total of 9 chapters. Some of the major international issues discussed include France's new Third World policy which is considered to be a decisive factor in future North-South issues, the Law of the Sea Convention, and the Multifibre Arrangement. Regional conflicts are identified in Southern Africa, the Caribbean and the Mediterranean, and the Middle East. The extent to which these conflicts will persist depends very much on the EEC's development policy, which is itself the subject of Part III.

Although one feels that the editor and the sponsors have not yet got the focus and balance of this series quite right, there is no doubt that they are moving in the right direction. There is also no doubt that there is a need for a publication of this sort and one congratulates them for filling the gap.

GEORGE C ABBOTT

*University of Glasgow*

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**The International Foundation Directory (Third Edition)**

Consultant Editor: H V Hodson

London: Europa Publications. 1983. 401pp. £24.00

This directory aims to provide a comprehensive world picture of foundation activity in such fields as science, medicine, education, social welfare, the arts and humanities, Third World aid, and international relations. Entries on some 650 foundations, trusts, and similar non-profit institutions, as well as the bodies which service them, provide details of address, purpose, activities, finances, publications, and officers. An introductory perspective highlights the problems of international cooperation and exchange, as well as the diverse historical and legal situations which have led to such a varied development of foundations in the world.

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**Human Food Uses: a cross-cultural comprehensive annotated bibliography**

Robert L Freedman

London: Greenwood Press. 1983. 552pp. £55.95

This supplement to Robert Freedman's *Human Food Uses* (Greenwood Press, 1981) updates and expands information on some 9,000 books, articles, dissertations, audio-visual and computer-generated materials on human food behaviour and its effects on the quality of life. Additions include citations to many recent works, as well as new materials, such as data on food-short areas of the world. An improved key word index facilitates cross-reference with the alphabetical listing of numbered, annotated entries. Listings in almost every major language should be helpful to scientists, professionals, and policymakers involved in health care.

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**Atlas of the Third World**

George Thomas Kurian

London: Mansell Publishing. 1983. 381pp. £47.50

A vast amount of data on 122 developing countries is here compressed into some 2,600 maps, charts and diagrams, designed to provide an overview of political, economic, military, and social conditions throughout the Third World. In Part One, Asia, Africa

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and Latin America are cross-divided in a manner to enable comparisons at the national and regional levels, as well as with the developed world. Part Two covers in detail each of the eighty perceived 'major' countries of the Third World. Administrative divisions, transportation systems, agriculture and land-use, ethno-linguistic divisions, population, GNP, exchange rates, and trade and industry, are among the indicators included. Although valid as an independent reference work, the atlas also serves as a companion to the author's three-volume *Encyclopedia of the Third World* (Mansell, 1982), which includes individual country reviews, chronologies, bibliographies, and information on Third World organisations.

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### **The Genius of Arab Civilisation: source of renaissance (Second Edition)**

Edited by J R Bayes

Henley, England: Kegan Paul International. 1983. 260pp. £20

This extensively illustrated work, intended more for the beginner than the specialist, introduces the cultural achievements and heritage of Arab civilisation. It explains the contributions of the Arabs and Islam to the civilisation of East and West in culture, literature, philosophy, art, architecture, science, technology, trade and commerce. In addition to updating and refinements by authors, this second edition contains a new section on the performing arts. Twenty-six monographs on important people, places and things, are designed to make the subject more accessible to the general reader.

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### **The African Book World and Press: a directory (Third Edition)**

Edited by Hans M Zell and Carol Bundy

Munich: Saur Verlag KG. 1983. 285pp. DM188

### **The SCOLMA Directory of Libraries and Special Collections on Africa in the United Kingdom and Western Europe (Fourth Edition)**

Edited by Harry Hannam

Munich: Saur Verlag KG. 1983. 183pp. DM80

### **Libraries in West Africa: a bibliography (Third Edition)**

Helen Davies

Munich: Saur Verlag KG. 1982. 170pp. £16

### **Africa Index to Continental Periodical Literature (Number 3)**

Edited by Colin Darch and O C Mascaranhas

Munich: Saur Verlag KG. 1981. 191pp. £14.00



**Subject Catalog Africa (Volume 6)**

Edited by Irmtraud Dietlinde Wolcke-Renk

Munich: Saur Verlag KG. 1982. 460pp. DM180

*The African Book World* has been updated and expanded to include information, in English and French, on over 4,600 organisations and institutions from the African book and press world. Collected by questionnaire, the data covers libraries, publishers, booksellers, research institutions, book industry and literary associations, periodicals, magazines, newspapers, and government and commercial printers. South Africa is omitted in the last case, as are some of the smaller island groups throughout.

*The SCOLMA Directory* is published for the Standing Conference on Library Materials on Africa (SCOLMA), which has been sponsoring bibliographical projects since it was founded in 1962. The entries in this fourth edition have doubled to 275, to include African material in libraries throughout Western Europe, as well as holdings of audio-visual material. The information is arranged by country, with an index based on organisation, subject, and country.

*Libraries in West Africa* now lists almost 1,400 publications on library activity in West Africa between 1930 and 1979. With emphasis on books, journal articles, theses, reports, and conference papers, entries by country include details *inter alia* of libraries and librarianship in general, library history and legislation, library directories and associations, library education, as well as library collections and archives.

*Africa Index No. 3* includes over 1,600 entries from ninety-three scholarly and semi-scholarly journals published in Africa (excluding Southern Rhodesia and South Africa) in 1978. Some conference papers and report literature are also included. Entries are classified by broad subject groups, and there are indexes by author, geographical region, and subject.

*Subject Catalog Africa* employs a classified card catalogue arrangement based on literature contained in the Frankfurt municipal library and the university library's vast collection on African and cultural history. With the emphasis on 'Africa South of the Sahara', the library aims to house materials covering most fields, with the exception of medicine, the natural sciences, law, and modern economics. Following volumes on history, politics, literature, social and cultural anthropology, and geography and social sciences, Volume 6 of *Subject Catalog Africa* deals with languages and literature.

## Recent Publications

### BOOKS\*

- Abdel-Malek, A A (ed): **The Transformation of the World Vol. 3: culture and thought.** London: Macmillan Press (in association with the United Nations University). 1983. 105pp. £10.00.
- Adams, S: **Roche Versus Adams.** London: Jonathan Cape. 1984. 236pp. £8.95.
- Alberts, T: **Agrarian Reform and Rural Poverty: a case study of Peru.** Boulder, Colorado: Westview. 1983. 306pp. £19.75pb.
- Bakalla, M H: **Arabic Culture: through its language and literature.** London: Kegan Paul International. 1984. 371pp. £7.95pb.
- Biswas, A K, Khan, A H, and Nishat, A (eds): **River Basin Development.** Dublin: Tycooly International. 1983. 239pp. £35.50. £17.75pb.
- Booth, A R: **Swaziland: tradition and change in a Southern African Kingdom.** Aldershot, England: Gower and Boulder, Colorado: Westview. 1984. 156pp. £10.50.
- Bulmer, M and Warwick, D P (eds): **Social Research in Developing Countries: surveys and censuses in the Third World.** Chichester, England: John Wiley. 1983. 383pp. £19.50.
- Chauhan, S K: **Who Puts the Water in the Taps?: community participation in Third World drinking water, sanitation and health.** London: Earthscan. 1983. 92pp. £3.00pb.
- Chuta, E and Sethuraman, S V (eds): **Rural Small-Scale Industries and Employment in Africa and Asia: a review of programmes and policies.** Geneva: International Labour Office. 1984. 159pp. £7.15pb.
- Cline, W R (ed): **Trade Policy in the 1980s.** Washington DC: Institute for International Economics. 1983. 796pp. \$35.00.
- Conyers, D and Hills, P: **An Introduction to Development Planning in the Third World.** Chichester, England: John Wiley. 1984. 271pp. £15.00.
- Crossley, P and Kilgour, J: **Small Farm Mechanisation for Developing Countries.** Chichester, England: John Wiley. 1983. 253pp. £18.00.
- Davidson, F and Payne, G (eds): **Urban Project Manual: a guide to preparing up-grading and new development projects accessible to low income groups.** Liverpool, England: Liverpool University Press. 1983. 148pp. £7.50pb.
- Dobozi, I and Mandi, P (eds): **Emerging Development Patterns: European contributions.** Budapest: Hungarian Academy of Sciences. 1983. 546pp. np.
- Dreyer, J S, Haberler, G and Willett, T D (eds): **The International Monetary System: a time of turbulence.** Washington DC: American Enterprise Institute for Public Policy Research. 1982. 523pp. np.
- Feachem, R G, Bradley, D J, Garelick, H and Mara, D: **Sanitation and Disease: aspects of excreta and wastewater management.** Chichester, England: John Wiley. 1983. 501pp. £33.50.

\* The inclusion of a book in this list does not preclude a review in a subsequent issue.

- Feeny, D: **The Political Economy of Productivity: Thai agricultural development 1880-1975**. London: University of British Columbia Press. 1982. 238pp. \$28.00.
- Friedlander, M A: **Sadat and Begin: the domestic politics of peace-making**. Boulder, Colorado: Westview. 1983. 338pp. £21.75pb.
- Gimeno, J B: **Education in Latin America and the Caribbean: trends and prospects 1970-2000**. Paris: UNESCO. 1983. 190pp. FF 45.
- Harkavy, R E: **Great Power Competition for Overseas Bases: the geopolitics of access diplomacy**. Oxford: Pergamon. 1982. 361pp. \$34.50.
- Harrison, F: **The Power in the Land: unemployment, the profits crisis and the land speculator**. London: Shephard-Walwyn. 1983. 318pp. £8.95.
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\* For further reading see *International Political Science Abstracts*, *Journal of Economic Literature*, *Public Affairs Information Service*, *Current Contents*, *Key Economic Science and Sociological Abstracts* from which some of the listed material is drawn.

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# Julius K Nyerere

*Julius K Nyerere is President of the United Republic of Tanzania. He was born in Butiama, Tanzania in April 1922. In 1952 he became the founder of the Tanganyika National Union party and was elected to the Legislative Assembly in 1958. He led the negotiations for independence, becoming, in 1961, the country's first Prime Minister and, in 1962, its first President.*

*Mwalimu (teacher) as he is popularly known, conceived and enunciated a unique model of political and economic development for Tanzania which endeavours to combine the best of the traditional features of the national society and culture with the organisational and technological requirements of a modern society. He has been a persistent advocate of regionalism, which, despite setbacks in East Africa, he continues to espouse. He has stood by the highest ideals of non-alignment and campaigned for unity in the developing world. Nyerere has contributed to the evolution of the concept of a new order of economic relationships between developed and developing countries and has been a powerful advocate of collective self-reliance not only on the African continent but within the Third World generally. He was awarded the 1981 Third World Prize for his contribution to Third World development in the political, economic and social fields.*

*Ataf Gauhar interviewed Julius Nyerere in Dar es Salaam in April 1984.*

AG: Mr President, when I last had the privilege of talking to you in Arusha in December 1978 you observed that poverty was on the world agenda. I accepted that at the time but I am now in the unhappy position where I cannot find anything remotely resembling 'the world agenda'. Michael Manley in the first Third World Lecture speculated that the West might be able to make a quantum leap forward. It has made a quantum leap but backward. The feeling is growing that our conceptual framework which provided the basis for establishing post-war financial and monetary institutions like the World Bank and the IMF is no longer adequate. While the world has grown in many ways, certainly in complexities, the conceptual framework has remained static and there are few signs of any progress toward the evolution of a new conceptual framework. Do you feel that our conceptual framework is no

longer relevant and that there is need for evolving a new framework and a new set of institutions?

NYERERE: First of all may I thank you for this meeting. You remind me of the meeting we had in Arusha. You organised the Arusha meeting and I was invited to come, and I went to learn. I went to find out what you people were saying. You brought together a large number of very able economists from the Third World and I went there to learn. In your recent letter to me you said you were coming to see me in order to learn. You are returning the compliment. You sent me your questions and since I also wanted to learn I will tell you what I did. Because your questions were so important, and to many of which I didn't have the answers, I subjected them to my own Arusha experience. I got a few of our people here, including Amir Jamal, and told them 'Here are the questions from Gauhar. Now what are we going to say?' They had their meeting and sent me a memorandum which I have gone through. It helped me to know what some of our own people think about the problems you raised. I was hoping that during the course of this discussion I will hear your own views, your own answers to those questions, and your own reflections on those problems.

Let me make a few general comments. You raise the question of our conceptual framework. We have given endless thought to this matter. We find that the decisionmakers of the present refuse to accept the fact that change has taken place. Those who evolved the framework were dealing with their experience of the Depression of the 1930s. It was a different world then: India was not independent, and when you say that you mean that Asia was not independent; Africa was not independent: We were not independent. The framework was evolved when we did not exist, as we did not exist in the 1930s. The Empire was there, as was the United States, but we were not there. The United States, Britain and France were affected by that Depression. We were irrelevant to the considerations and compulsions which resulted in the creation of the post-war institutions. I don't really think that when Western leaders sat together they asked themselves how the Depression had affected India or their colonies in Africa? How did it affect themselves? That was the question

they confronted. So they framed the institutions to meet the problems as they saw them, and as they affected Britain, France, and the United States. And I think the institutions functioned well. They defined their problems properly and set up their institutions to deal with those problems. But then India became independent in 1947, and the rest of us followed and a new world started taking shape. We began to ask questions. What was good for General Motors might be good for the United States but was it good for us? What was good for Britain was no longer good for the Empire, and what was good for France was not necessarily good for the ex-French colonies. They set up the IMF to deal with their problems but what about us and our problems? We too have this problem of balance of trade which is a straightforward trading problem. But in addition we have the problem of development or structural inadequacy.

Do these institutions meet our problems? Institutions which were designed to deal with the problems of a different world are treated by the decisionmakers of the present as adequate to deal with the problems of a world which has undergone a profound transformation. We say that we should change these institutions without discarding elements that are still needed. Actually I don't know whether these institutions are now used for the purpose for which they were intended. The Europeans have problems, the United States has immense problems. They have a huge external deficit, and a huge internal deficit. Does the IMF go to them and tell them what they should be doing to deal with their financial problems? The truth is that these institutions no longer deal with the countries for which they were intended. They deal with Tanzania and Malawi, Brazil and Mexico. And these countries are saying that these institutions should be reformed. They can deal with cyclical problems but we have structural problems which are very different. We should either reshape the existing institutions or have new institutions to deal with the structural problems of the developing countries. The problem is recognised. When we sit down with the intellectuals of the West they see the problem but the question is how to persuade decisionmakers of the North to take the right decisions.

AG: Mr President, what you have just said indicates the progress we have made since Arusha. We thought in 1978 that if we articulated and propagated the fact that the world had changed the West would respond to it. Perhaps we were a bit naive because the West knew all along, probably far more acutely than we did, that change had taken place. But the view prevailed that changes that might have occurred must be contained and made to submit to the existing framework, which had served the West extremely well. It is possible that the framework might collapse because it no longer adequately serves the interests of the industrialised countries; but they would not change it, for the simple reason that they do not have an alternative framework which could serve them better. That would appear to be the point where we are stuck.

NYERERE: I think the problem is fundamental. It is almost like the problem of *apartheid*; if you believe that the *apartheid* system is good and it should not be changed, then there is no need to say that over a period of time that system should change. Why should you change a system which you regard as fundamentally good? If the United States and her powerful allies were to say that they recognise that the world has changed, and that we should sit down and discuss where and how reforms should be made, that would be a starting point for negotiations. But they don't recognise the need for reforms. They are actually blocking even talking about change. They are blocking even the examination of the problem. That is why I say the problem is fundamental. You are no longer talking about economics, you are really talking about politics. They want to use these institutions not for economic purposes but for political purposes as instruments of control. They don't want to let go these levers of domination.

I believe the Third World must realise that these institutions, originally meant as institutions of cooperation among the developed countries, are now being used as instruments of control over the developing countries. They have become instruments for a new kind of empire. When these institutions were designed their primary purpose was coordination in financial and monetary matters—not for US domination over Europe; now they are being used as instruments of

power to dominate the Third World. We are now dealing with a new kind of empire and when you face an empire like that you struggle against it. That is how it will change, through struggle, and not through a better intellectual perception by the rich. The rich always knew intellectually that the old empire was wrong, but we had to do something about it before it could be changed. I believe intellectually they realise that the new empire is wrong, but unless we struggle they will not change.

Perhaps you are right that when we used phrases like 'cooperation' at Arusha we relied too much on the reasonableness of the rich. We are beginning to see that it is not a problem of reason but of power. When you deal with power you must have the countervailing power to deal with it. You must confront power with power. Otherwise there will be no change. It is not a question of choice between confrontation and cooperation. The option of cooperation is not available. Supposing Gandhi had said: 'We don't want confrontation, we want to cooperate with the British.' Nobody would have understood that language. Gandhi simply said: 'We don't want to shed blood but we must confront the British.' And I am not saying that we should shed blood. I am saying that we must confront this power which is dominating our people and making their life extremely difficult.

AG: Third World leaders often say that the present economic system is not being reformed because of lack of political will. That is becoming a fashionable escape route. To me it seems a refusal to face the problem which you have just described. There is, however, one aspect of the problem which has recently assumed importance. It is the North's response to the increasing ineffectiveness of the existing institutional framework. The North is beginning to break away from the framework without destroying it. This is obvious in the North's growing reliance on bilateral arrangements in preference to multilateral forums of negotiations. The recent US notice of withdrawal from UNESCO is proof of this. The decisive clause in the notice was that objectives and principles were fine but the US must decide how to put its money to the best possible use. If we can make a better use of our

money bilaterally, we will do exactly that. A similar letter was sent by the British. Many Western countries are finding international procedures of voting and consensus building highly vexatious. The North is getting disillusioned with the international instruments of control and would prefer to deal with issues and problems on a case-by-case and country-by-country basis. Do you think the North refuses to make any change in the system because it can split the Third World and coopt the key countries into the system?

NYERERE: Well, that is saying the same thing but differently. These instruments were created by our friends in the North to serve their interests. When we appeared on the scene we were provided seats in those institutions but that was all. We didn't really fit in. The power remained in the hands of those who had formed those institutions. We are now saying that we should have a say in the operations of those institutions. We are being denied this. In a sense the United Nations is also one such institution but there at least we can make our voice heard. That is a kind of power, for nobody can stop us from articulating our point of view. They complain about it sometimes, particularly the United States, and one of these days they might threaten to leave the United Nations. Not because we can do anything against them, but because there we say things they do not like to hear. Still the power of veto is with them. We can't really force the superpowers to do anything which they don't want to do. But we can express our opinion. When we believe that they are wrong we can say so. We do use the United Nations to tell the United States or the Soviet Union where we find them pursuing a wrong policy. We have done it several times. It doesn't bring about change but we keep the issue on the agenda. In that sense the debate is on the agenda, and it is effective. Sometimes the United States threatens to pull out of the United Nations. Quite frankly, I think we should call the bluff. Even the United States can't pull out and go to the moon. The US can block progress as it did in UNCTAD VI. The South was very well prepared, not only in terms of documents but even in terms of basic approach and specific measures. We went there in a spirit of cooperation not confrontation. We didn't get anywhere because even those changes which had been

- carefully worked out and well argued were not acceptable to the conservative North which is now very powerful.
- AG: But Mr President, the US threat is not an idle threat. They have the means to pulverise institutions like UNCTAD and GATT and UNESCO by splitting the South and coopting key developing countries into their system.
- NYERERE: I know that. For the powerful to split the weak and continue to dominate them is the general rule. We should be aware of this rule, and resist it.
- AG: In one of your speeches you used a picturesque phrase, 'diverse unity', to describe the Third World. Perhaps that represented a valid concept politically but when it comes to the complex problems of development, diversity degenerates into contradictions, competition and conflict of interests which pre-empts the evolution of a common approach to common problems. One consequence of this is the growing facility of 'double-talk' in the South. Governments are long on rhetoric, short on action. Soul-stirring resolutions are adopted even as pragmatic bilateral deals are being made on the side.
- NYERERE: I agree. I told you that we were going to talk about our frustrations, but the frustrations have to be put in their historical perspective. I'll go back to what I said in Arusha. It took our countries a long time before they began to stir themselves up and to fight for political independence. The perception that we were colonies was quite clear and so was our resolve not to remain as colonies. This is how the struggle started. But let us not forget that even the awareness that we were dependent took a long time to develop. The awareness of economic dependence has still to develop fully. There are still countries in the Third World which regard 'dependence' as an essential stage in the process of economic growth. There is a perception that dependence is part of development. It will take time before we recognise that dependence is essentially undignified and that we must not accept this position. Today, we are all dependent, Tanzania is dependent, Brazil is dependent, India is dependent, and we have got to put our heads together and fight against this dependence. But it will take time.

There is the double-talk of the uncommitted but there is



also the double-talk of the committed which is forced on them by the very fact that it is easier to state objectives but much more difficult to convert them into practical measures. You state your objectives in very clear language in resolutions, in booklets. I have done so myself, but when it comes to defining action and committing oneself to action, there is always a certain gap. This is not peculiar to Third World countries, even the industrialised countries proclaim policies which are rarely implemented. So many of their summit resolutions remain as empty rhetoric.

Take Southern Africa for example. A few countries of Africa became independent, and we formed the Organisation of African Unity. We said to ourselves that we must help the others to attain independence: the process is still going on, for Namibia is still not independent. Even the phase of political liberation is not yet complete. We established a Liberation Committee to help dependent Africa achieve its independence. We have not done badly. But in our struggle for economic liberation, we still don't have the equivalent of the Liberation Committee. I used to say to Samora when they were engaged in guerrilla war, and had established a liberated zone, that we needed a liberated zone of the independent states. There are Third World countries which are economically a little more independent than the others. Perhaps they could act as our liberated zone. I don't know whether we are using the economically liberated zone as effectively as we should to liberate the others.

AG: Unfortunately the liberated zone is even more anxious to get co-opted within the system.

NYERERE: More anxious to join the club of the developed. . .

AG: In fact the liberated economic zone has prevented the evolution and establishment of any institutions of the South itself, whether a secretariat or a financial institution.

NYERERE: I agree. It is true, that is a problem. But we are not completely without power. The short period of OPEC power was power. We did not use that power well. It could have been used to make some difference, to move a little forward and bring about some of the changes we are talking about. Unfortunately that power was not used for that purpose. But we have another power which is also not being used. During a struggle

every element of power must be deployed. Brazil, Mexico, Argentina, Venezuela, and Nigeria, have a certain kind of power; the power of debt. They can sit down with the North and say: 'Let us discuss where do we go from here.' I don't know whether we are going to use this power.

AG: None of the countries you have mentioned have shown any intention to use their clout of indebtedness. The real problem is that we cannot sit together except under a vast canopy of rhetoric. We cannot quietly plan our strategy. We can sit under the umbrella of, let's say, the Commonwealth, but if it is the Non-Aligned Movement or the OAU we find it impossible to agree even on a venue. That is why even when we had the OPEC power we did not create any institutional framework. One can blame the North for conspiring against us but the truth is we have shown an enormous capacity for inaction in institutional terms. The problem is a little more than sharing frustrations.

NYERERE: There are many things we can do together. Perhaps it will be done step by step, region by region, sub-region by sub-region. It will not happen all at once. What frustrates me is that even those steps which should have been taken were not taken, and sometimes when steps were taken we found ourselves moving backwards. So there are areas where we have exhibited a lack of political will. We have not really learnt that self-reliance is part of liberation. We want to liberate ourselves and self-reliance is an instrument of liberation, whether it is within one country or within a region. We must maximise the degree of self-reliance and cooperation among ourselves. It is true that there are pressures from the North which make such cooperation difficult; this is true, but it is absurd to blame the North for this. If African countries fail to cooperate among themselves because there are French-speaking countries and English-speaking countries, they can't blame Britain or France for keeping them apart and dependent. These are all sovereign states; they should determine their own interests and be able to defend them.

AG: Mr President, I sometimes ask myself whether all the countries in the Third World make full-fledged viable nation states? Do they all have a distinct national identity? Traveling through the Caribbean and parts of Central America,

one gained the impression that the departing colonial power marked out a patch of territory, or an island, and declared it a sovereign independent state. Hey presto, the flag went up and there was a 21-gun salute. Privately, some leaders have said to me that their countries have no real national identity. In the Caribbean I was told that God is too far away, Miami is nearer. So some of the mini-states and small islands with a population of 100,000 or less look like health resorts or massage parlours maintained by efficient managers for the convenience of American tourists. Their survival depends on the tourist industry and sometimes a single travel agent in New York could change their destiny. Now if a travel agent can change their destiny, it should not be difficult for a major power to get hold of a clutch of them and tell them how to act in a particular matter. The most spectacular instance was Grenada. While nationalism is a legitimate and a potent force, we are not aware of the contradictions and problems which nationalism has created. It is possible that the assertion of an artificial national identity could frustrate the evolution of a larger and more natural identity. The emergence of a large number of mini-states, or artificial nation states, operates against Third World unity at the regional or sub-regional level.

**NYERERE:** The multiplicity of small nations is a problem, but it is a reality. I myself used to say before independence that African nationalism must be pursued within the context of Pan-Africanism. What are these nations of Africa? Their borders were drawn by the imperialist powers in Berlin, now exactly 100 years ago. We have been trying to convert these artificial creations into viable nations. I have always believed that if I was going to give my life to the building of my nation that nation could just as well be a united Africa. That would be much more natural. But these nations are there, some big, some small, some very small. They are a reality. There is nothing you can do about it. But I accept that the multiplicity of small nations does create problems. It is a basic problem, and personally I have never been an advocate of these nation states in Africa as they exist today. I have always said that even if we cannot have a United States of Africa, we should combine some of these countries so that they can become

viable units. But going back to what I said earlier, the big nations of the Third World are not helping very much. They have power which they could use to increase South-South cooperation. They are the ones which could help to organise the Third World. The developed North is very well organised.

AG: Why do they not play their natural leadership role?

NYERERE: I think they have the feeling that if you become tethered to these small countries, you become part of them, and that would retard your development. If you opt out, come into the orbit of the developed, you have a better chance of developing.

AG: Perhaps another reason is that relatively affluent Third World countries find the Third World advocacy of the welfare and happiness of the people inconvenient to live with. For their affluence depends on the continued existence of large areas of poverty. They prefer to belong to the developed group where there is not so much talk about the people.

NYERERE: That is a basic thing. I believe there is a correlation between what happens within one country and what we can do together in the context of the Third World as a whole. The kind of government you have at home determines the kind of things you would advocate regionally or globally. Real development is not possible without involving the masses. For us development is more than economics, it is political awareness, it is mental liberation, it is popular participation. Development without some kind of democracy is difficult to conceive. A small clique can govern a country, an army can govern a country: they can always get some outsider to build their army and protect the ruling elite and that is that. The rulers of such a country join the North's club. The country does not join the club, the rulers join the club and the rulers can become very rich while the people remain poor. Such rulers are inevitably pulled to the North because they are part of the North. They will see communists in every corner and anyone talking about the rights of the people will be condemned as a communist. There are some Third World countries which would ask: 'What can we get out of Tanzania?' If they formed a partnership with the United States, instead, that would be a different ball game. They

would get technology, investment, more orders for their goods. Unfortunately, the strategy does not work, because the United States asks the same questions. Now if I had large mineral deposits in Tanzania and I called the United States it would come. They would take out oil, minerals, gold, whatever, and leave behind empty holes and pits. This traditional 'partnership' with the North, the partnership of the horse and its rider, cannot bring development to the South.

AG: President, you mentioned military rule. I want to apologise that in my letter to you I said there were 60 countries under direct military rule. With Guinea we have 61.

NYERERE: Don't apologise. You never know, before we finish this conversation there might be another one.

AG: We treated military rule as an aberration, but it has become the norm. We had these theories in the 1950s that the military could act as an agent of change, and an instrument of modernisation. The record of the last thirty years shows that military rule only strengthens the forces of repression and exploitation. In the meantime, a great proportion of national resources has been diverted into non-productive and wasteful channels. The countries in the Middle East have more sophisticated weapons than any other region in the world except the two superpowers but they are in no position to use these weapons even in the defence of their legitimate interests. And it is becoming apparent that once the army takes over a government it rarely relinquishes power. Every now and then there is an interregnum or a pause. The army briefly retires into the wings leaving it to the civilians to clear up the mess. How do we get rid of military rule?

NYERERE: After Nigeria, I am now watching Argentina. When the army first took over the government in Nigeria we thought they would deal with the problems of the country. I remember having a discussion with the military leaders at the time. They were good people and I said to them, your country has had a reputation of immense corruption and I hope you people will do something about it. Thirteen years later they told me they had not been able to do anything about corruption. Nigeria had an elected government, and a very complicated constitution based on the United States model: it had its faults and

there was an element of corruption. But since independence Nigeria has lived longer under military rule than under civilian rule and corruption has persisted. There is some merit in the people having a sense of participation. We were hoping that, having won the elections, President Shagari would be allowed to complete his second term in office. Now the military has taken over again. I don't believe that it is going to be easy for Nigeria to try civilian rule again. I don't believe it. You are more likely to have a succession of military regimes, one group following another; it will now be a question of soldiers replacing soldiers. I find this most depressing. Nigeria, the most powerful and the wealthiest of African states, should have been able to establish a democratic system, and if there was need for reform, that should have been carried out within the democratic system. That we have now lost.

Now let us watch Argentina. The change-over appears to have been very smooth, and the civilian leaders appear to be determined not to allow the situation to revert to military rule. Let us watch and see. Perhaps it is possible for a military regime to be replaced by a civilian one permanently, provided the right lessons are learnt. But I cannot say that Africa gives us any hope of developing such a pattern.

But I do want to distinguish between military regimes. Sometimes you get a group of young officers who are genuinely fed-up with the corruption of a civilian regime, and they topple it to improve the lot of the people. That is rare but Nasser was one such example. It was genuine nationalism and disgust with corruption that brought about the revolution to make Egypt independent. There is no doubt that Nasser built his country and gave it a standing in the world. But he, too, had to think in terms of having a political party. I remember going to Egypt and having a discussion with him. Egypt had a large army, and Nasser and his associates were totally committed to the independence of their own country, but even they had to have a party to remain in touch with the people. He tried the Arab Socialist Union. He did not succeed. It is easier for a political party to build an army than for an army to build a party. With all the good intentions such an attempt could not really succeed. Then you have a regime

such as the Algerians have. They had fought a long war against the French. They used the army to remove Ben Bella but they were always in touch with the people and acting in accordance with the tradition of their revolution. The Ethiopian leaders do want to serve the people. They are trying to build a party but they may find the same problems as Nasser had to face. But the more usual type of military regime in Africa is quite different. They want money for themselves. They have no interest in the people. They say that they come in to root out corruption. Often they prove more corrupt than their predecessors. They make no contribution to political or economic development. Development is a complex process and no group of soldiers can make any difference. You cannot develop by decree. You can only develop through participation of the people; but an army cannot organise popular participation. It is almost a contradiction in terms.

AG: May I turn to the domestic situation. As you look back on the twenty years of your stewardship, what are the major mistakes you would have wanted to avoid?

NYERERE: First of all let me say that when we started we were simply doing things on a day-to-day basis. There are certain things I would not do if I were to start again. One of them is the abolition of local government and the other is the disbanding of the cooperatives. We were impatient and ignorant. We shouldn't have done that because it was completely contrary to our own basic stand. In order to develop a poor country like Tanzania you had to involve the people. The participation of the people was an essential part of their development, not just economic development but overall development. We had these two useful instruments of participation and we got rid of them. The local government institutions had been organised by the colonial rulers and we distrusted them. They had made some mistakes and we were impatient with them—quite wrongly, as it transpired. It is true that the people in the cooperatives were inefficient and local government leaders were afraid of taking decisions but instead of helping them we abolished them. Those were our two major mistakes and both of them were contrary to our philosophy of people's participation. If you are committed to the principle

of people's participation, then create areas of participation, don't abolish them. That is a lesson, a negative lesson.

Our critics talk about the villages. The villages were not a mistake. If I were to do it all over again I would still have the villages. For the villages, too, are a necessary instrument of participation. There is no way you can secure organised participation of the people except through the village communities. If you were to go out now in those villages you will see what we have been able to achieve. And all because we created a new awareness at the village level. Tanzania's tremendous political and social awareness is a product of the village communities. We have had considerable success in the field of education. Starting with one of the most backward countries in Africa, we now probably have the highest literacy rate in Africa. Most of our children go to school. Because we are poor the level of education leaves a lot to be desired. We have a serious shortage of teachers both at the primary and the secondary level. But our people now get seven years of education. And we have a very high level of adult education.

We defined education for self-reliance. We have not quite succeeded there. The reason was the model we inherited: the British grammar school. There is a tremendous outcry for secondary education. If we had the means we would expand secondary education, but this outcry for secondary education tends to ignore the need to improve the seven years of education that every adult receives. Of those who finish primary education 98 per cent do not get secondary education. So our national education is really primary education. Education for self-reliance has to fit this majority of our population to be self-reliant. And it is here that I say we have not quite succeeded. There is this tremendous outcry for secondary education. But very few have access to secondary education. A vast majority of those who are left out feel frustration. What starts as education ends in alienation. When I wrote about education in 1967, I said that the school-leaving certificate was used as a passport to leave the rural areas and go to the urban areas. Every year a number, young men and women leave their homes and become a kind of exile in their own country. Most of the elite you find in Dar es Salaam are



rural people. All education has done for them is bring them to the cities and leave them there. It is a kind of punishment to be told to go back to the villages. Now this is a real failure and it is much more painful because we understood the problem but went about it the wrong way. The Tanzanian phenomenon of the educated leaving the rural areas and moving to the urban areas has its own Third World counterpart, where you see the educated leaving their own country because these countries are basically rural countries and going to the towns and cities of the North. So we have had many failures, some conceptual, some in terms of objectives, but we are constantly engaged in correcting ourselves.

AG: What is the price you have to pay for these mistakes? It is suggested that too disproportionate a burden was put on the peasantry for development, that the farmer was the one who suffered the most. Do you think these failures undermined your whole development strategy?

NYERERE: It is difficult to say that. People want to quantify failure. I put it in terms of participation. We eliminated two areas of participation for our own people. Had they been retained and improved it would have produced very positive results. There were difficulties in the early days because people were learning to organise their cooperatives and to run their local governments. There were many inadequacies and shortcomings. The real price we paid was in the acquisition of a top-heavy bureaucracy. We replaced local government and cooperatives by parastatal organisations. We thought these organisations run by the state would contribute to progress because they would be under parliamentary control. We ended up with a huge machine which we cannot operate efficiently. One of the problems of the Third World countries is that we do not have an efficient method of dealing with a big bureaucracy.

AG: How do you propose to deal with your bureaucracy?

NYERERE: Cut it down, perhaps, and try to make it more efficient. Do we really need them all? We have to do something about it. Since local government is being reintroduced all those people in the central government who were assigned local government functions should now go back to local government. I don't know whether it is going to work out quite like that.

AG: Mr President, like the army, the bureaucracy also never goes. When you decide to reduce the bureaucracy you set up a committee which only enlarges the size of the bureaucracy.

NYERERE: Unfortunately, that is exactly what I am going to do! Yesterday when they asked me what I proposed doing about it I said I am going to establish a presidential implementation committee!

AG: That will mean a few more jobs for the committee. All experience shows that the bureaucracy, like the army, never allows any reduction in its size.

NYERERE: That is really a very difficult problem.

AG: Talking about education you said that the implementers did not quite understand the objectives you had in mind. Do you feel you embarked on your development programme without first creating the right cadres of people?

NYERERE: I think we took too many things for granted. We had not educated and trained our people for carrying out the duties entrusted to them. They were not even made familiar with the problems of development in the Third World. People did not see it as a challenge. They were too busy with the routine of work. The small group of civil servants we had were trained by the British, and they knew the art of getting the file moving. Then we came in and we expanded, but we did not train many of our people even in that simple art. Getting things moving is a technique and this technique has to be learnt and that is at the heart of all decisionmaking. It is not unwillingness, it is lack of training. We have not developed class of managers, of men and women who get things done once decisions have been taken. That is an area, simply administration, where the British were quite good and they did some training, but when it comes to economics, well what kind of training did they give us? Nothing. We had a small community of Asians, but they were shopkeepers. Apart from that we had a few clerks. We have set up a number of institutions to train people in management but it is going to take time before they acquire the necessary experience.

AG: Mr President, are you happy, absolutely happy, with the constitutional and political structures you have created?

NYERERE: To say that I am absolutely happy would not be true. When it was Tanganyika alone, we were trying to build a nation out of

something which was artificially created. We are more fortunate than most African countries. We have basic unity, but still you are converting a geographical unit into a nation. If you took Zanzibar alone you would still be doing that, trying to turn Zanzibar into a nation. Zanzibar is older and smaller, but I'm sure even to build Zanzibar alone, you would still have to deal with the problem of different communities. When you put the two together you have another problem. We foresaw the problem from the very beginning. First the size: Zanzibar had 350,000 people and Tanganyika 12 million. Immediately, there was a psychological problem, apart from anything else. How do you avoid giving the appearance of one part of the Union swallowing up the other? We deliberately decided that Zanzibar must have its own government. Then there was the fact that Zanzibar had achieved independence through a quite bloody revolution and the mainland had not gone through the same experience. The British missionaries had introduced education and we had more educated people than little Zanzibar where only the Arab population had had some educational opportunities. The African majority had had very little education. The Zanzibar revolution was the revolution of the Africans for education. I think it is a miracle that we came together. We still have some problems but they are really very small.

AG: Do you think the miracle will hold?

NYERERE: It is bound to hold. It is not going to break up. And frankly, what does 'break up' mean? We became independent in 1961. The union came into being in 1964. We were Tanganyika for some three years. Zanzibar became independent at the end of 1963 and a month later they had the revolution. Three months later we had the Union: Zanzibar as a nation did not exist for more than four months. But Tanzania as a nation has been there almost since our independence. We were never really Tanganyika. We don't have people today who would be very proud of being citizens of Tanganyika or citizens of Zanzibar. We were under the British as Tanganyikans for some time, but really the nation we are talking about has not been Zanzibar, and it has not been Tanganyika, it has been Tanzania. More than half the population of this country was born as Tanzanians. If you ask

any of the young people if they wanted to be Tanganyikans or Zanzibaris they will not know what you were talking about. The young people in both Zanzibar and mainland Tanzania are Tanzanians. The problem does not worry me. One knows there is always an element for mischief in this, like our underdevelopment has an element for mischief-making. We have economic difficulties, and those can be used by any mischief-makers to shake us a little bit. So they can use the problem of unity. But really it is not a serious problem.

AG: Mr President, do you propose to leave these problems to your successor?

NYERERE: Whatever problems there are in Tanzania, be they economic, social or political, some of them I am bound to leave to my successors. The Union problem is talked about because it is something visible and can be made to sound plausible. Actually, there is much more plausibility and reality in the economic problem than the Union problem. The Union difficulties are local and opportunistic. There is no truth in the suggestion that many intelligent people in Zanzibar want to break away. Only people who want to create a bit of mischief make that suggestion. But in reality the Union does not cause a problem. My problem is economic development and that my successor will inherit. He will not inherit problems of the Union or tribal problems. We have been very lucky. This country is a very united country. We have a common language, and we are trying to establish common systems. The resistance in Zanzibar comes from a very small group of people. They are resisting democratic change. My successor will inherit a common system throughout Tanzania.

AG: Mr President, to revert to the problem of South Africa. We are told that armed incursions by South Africa combined with the situation of acute economic distress in Mozambique and Angola compelled the leaders of these two countries to come to an understanding with South Africa. We are also told that all this is happening with the knowledge of frontline leaders in Africa, like yourself, President Kaunda, Prime Minister Mugabe. How does one approach this problem?

NYERERE: We are in a situation where you get a little shock, you rethink, and then you begin to move forward again. It is a new

experience for all of us. There are certain aspects one can explain and there are aspects which are difficult to explain. There are certain positive areas and there are areas which are a source of fear and confusion.

It is easier to start with Angola. The Angolans did brief us about the results of their talks. They reached an agreement with the South Africans to withdraw their troops from Southern Angola. That is a positive thing. We always wanted the South Africans to pull out of Southern Angola unconditionally. Angola gains nothing through the continued occupations of their country by the South Africans. The withdrawal will not be unconditional, but the conditions don't worry me too much. Certainly the Angolans found no difficulty in accepting the two basic conditions. Since the South Africans would be leaving the area, the Angolans wanted their troops to occupy their southern end. There was no problem there. They also agreed that when their own troops move in Southern Angola, the Cuban troops would not move into Southern Angola. The Angolans did not want to have the Cuban troops there so they accepted that condition too. I don't know whether the Cuban troops have ever been in Southern Angola. The other condition was that SWAPO (and this was a more difficult condition) will not be allowed to use Southern Angola to fight in Namibia. The Angolans accepted this. Again, this doesn't worry me too much. Why? Because the ceasefire was intended to be the beginning of the movement of the South Africans out of not simply Southern Angola but out of Namibia also. It was envisaged that this would prepare the ground for the implementation of Security Council Resolution 435. In that context one could accept the restraints on SWAPO. SWAPO could easily come to an agreement with Angola that while steps were being taken to implement Resolution 435 they would not infiltrate into Namibia through Southern Angola. SWAPO will have to work out its own ceasefire agreement with the South Africans. But if there is no move toward the implementation of Resolution 435 then everything turns into a stalemate. What will happen then? If Resolution 435 is implemented there will be no problem. The Angolans have accepted the first step toward the implementation of Resolution 435. It

would all work out if SWAPO, the South Africans and the rest of us could sit down and move toward the implementation of Security Council Resolution 435. But the Americans are still linking the role of the Cubans with the implementation of that Resolution. That is the real problem. If 435 fails, the Angolan agreement will collapse.

The Angolans made their position clear in Havana. Once the independence of Namibia is assured the Cubans will go. The Angolans are not saying that they will wait until Namibia is independent before the Cubans begin to leave. They are not saying that. They are saying: 'Let us begin the implementation of Resolution 435.' As the South African troops withdraw from Namibia, and you are left with 1500 troops who are, according to the terms of the resolution, confined to the barracks, the first Cubans will begin to leave. How long that process will take depends on what we do about Resolution 435. The Americans insist that the Angolans should tell them when the last Cuban, not the first Cuban, will leave. The Angolans say everything depends on what we agree to do about Namibia. We support the Angolan position. It is the Americans who are making that linkage and therefore delaying the independence of Namibia. Until the Americans modify their stand there will be no progress. My problem is not the Angolan agreement, my problem is the Americans.

AG: And you fear that that problem is not going to be resolved in a hurry?

NYERERE: I think this problem will remain. The problem is not inherent in the agreement itself, it is inherent in the intransigence of the Americans. Because if we don't move toward Resolution 435 SWAPO is bound to ask, 'Is this the end of the struggle?' That is when we run into difficulties.

AG: And on the Mozambique side?

NYERERE: The Mozambique pact has also an area which can be explained. We don't like the idea of Mozambique and South Africa signing a non-aggression pact though I can explain the security aspect of the pact. The ceremonial about the signing of the pact was bitter.

I have tried to understand this development in its historical perspective. Long before the armed struggle for Zimbabwe

and Namibia started, the only frontline states were Tanzania and Zambia. President Kaunda and I decided that we should invite the representatives of the liberation movements in Mozambique and Angola. The two of us should not be discussing Angola and Mozambique without the leaders of Angola and Mozambique. This is how we began to invite the leaders of Angola and Mozambique to our meetings. I used to advocate at the time that after their independence these countries would have to follow different tactics from those of Tanzania and Zambia. At that stage Tanzania and Zambia provided the guerrilla camps. We would receive the recruits, train them, and equip them with arms to go out and fight. This is what we did in the case of Zimbabwe also. We had huge training camps. But we agreed that after independence the other frontline states, i.e., Mozambique, Zimbabwe, Namibia and Botswana, could not establish guerrilla camps in their territory to receive young people from South Africa and train them to fight in South Africa. They had to carry on the struggle quite differently after independence. Their primary aim should be to consolidate their states politically and economically so that they could reduce their economic dependence upon South Africa. Once we had these economically independent countries stretching from the Indian Ocean to the Atlantic, that would be a really powerful challenge and deterrent to South Africa. We all agreed on this.

Our policy was going to be one of stabilising these frontline states. We will contribute to the struggle but our friends in South Africa must fight in their own country as the Chinese did. We will help them but we will not set up camps for them. After Zimbabwe became independent, we realised that we had made a miscalculation. We were right in saying that the best policy for us was one of stabilisation, but we were wrong in believing that South Africa would respect that policy. South Africa decided on a policy of destabilisation. We discussed the matter first in Maputo and then in Harare and asked ourselves 'Where do we go from here?' We wanted time to stabilise but South Africa would not leave us alone. We had started with a policy of stabilisation. If now the South Africans for their own reasons, internal, regional or global.

had come to the conclusion that they would not pursue this policy of destabilisation and wanted to reach a security understanding with these countries, I saw no problem. Because quite frankly, there were only the South Africans attacking Mozambique and there were no counterattacks from the side of Mozambique. They were causing a lot of damage, sometimes using their own troops, sometimes armed bandits, they were the ones causing all the damage to Mozambique. So this agreement in itself, apart from the ceremony of signing, was not objectionable. The Mozambicans need some security understanding with the South African racists.

But the racists want more than security, they want respectability out of the security agreement. Even that would not be enough. They would want extensive economic links with Mozambique and the other frontline states. That was what they were after. The South Africans in fact told the Mozambicans that their people had a sense of claustrophobia. When Mozambique was still under the Portuguese it used to do all its business in South Africa. The people of Mozambique went to South Africa as tourists, as did the people of Rhodesia. South African whites also went as tourists to Mozambique and Rhodesia. But after independence everything changed. The South Africans wanted to get out of this isolation. They wanted tourism, trade, fishing, and all sorts of things. But our agreed purpose in SADCC was to reduce our economic dependence on South Africa. We have always understood that the countries in Southern Africa have had certain traditional links with South Africa and we accept those links. But through SADCC we intend to reduce them to the minimum possible level. If we begin establishing new economic links with South Africa, that will not be understood at all. So those are the areas which cause concern. South Africa is an economic giant, it has economic power and it has many things to offer. Our real worry is the economic area. If Mozambique was to fall into the economic embrace of South Africa then many of our hopes will be put into jeopardy.

AG: How is all this going to affect (a) the people of South Africa and (b) Namibia's future?



NYERERE: We are conscious of these problems but there is one thing we want to avoid and that is a split. Mozambique has a genuine problem. Mozambique applied sanctions against Rhodesia, but those sanctions really worked against Mozambique; 40,000 workers lost their jobs at the Port of Beira. The United Nations made an assessment of the loss they had suffered through the sanctions. Their estimate was 500 million dollars but Mozambique never received any assistance. Nobody really compensated them. Maputo was built for the purpose of serving South Africa. If the South Africans did not use it, it would be a white elephant. So if Mozambique says no business with South Africa, they are really applying sanctions against themselves. So they have a real problem.

South African's isolation is political, not economic. The West does business with South Africa. They have massive investment and trading links. But it is our intention to continue the struggle. We must continue to embarrass the West in not cooperating with South Africa. We can explain Mozambique's former links, the traditional links with South Africa, but any new links would create a problem for us with countries who want to help us in our struggle against South Africa. We have to go on struggling as long as South Africa maintains *apartheid*. The ANC people are very worried. We have to sit down with them and discuss future tactics.

AG: How do you see the situation in Angola?

NYERERE: The South Africans really wanted to dislodge the government there. The offensive in Angola toward the end of last year had no other purpose. They also wanted the Angolan government to negotiate with UNITA. They do not appear to have succeeded in that. South Africa can claim the agreement as some kind of a success, and some of its friends will go on saying that the frontline states are collapsing. But this is no collapse. For the Angolans too can claim that they have survived the South African onslaught; and, for the weak, survival is success. Because we have these agreements we are not going to embrace South Africa. The fight against *apartheid* is not an internal matter for the South Africans. We have all to fight against *apartheid* at all levels.

## War, Reconstruction and Dependence in Mozambique

The present war, diplomacy and accords in Southern Africa have brought to the fore questions relating to the forms of the struggles for national liberation movements and the content of the programmes of those parties which have won political power or who are seeking to remove the racist regime in Pretoria and Namibia. For more than two decades Mozambique stood at the forefront of the political and military struggles against *apartheid*. Its guerrilla war for ten years and its assumption of state power in 1975 had distinguished its leadership in the areas of political clarity, organisation and mobilisation of the people. It was this tight organisation and ideology which ensured that the sharp divergencies which now plague Zimbabwe and Angola did not disrupt the cohesion of its society. On the assumption of state power the pressing problems of social and economic reconstruction of society were disrupted by a war first against the Rhodesians and then against the Movement for National Resistance (MNR) a pseudo-guerrilla movement supported by South Africa.

In their inability to deal with this threat and a severe food crisis the Mozambican leaders signed a non-aggression pact with the South African leaders at Komatiport on 16 March 1984. Under the terms of this agreement, called the Nkomati Accord, both Mozambique and South Africa agreed that neither of the two countries 'would serve as a base for acts of aggression or violence against the other and that both countries undertook not to use the territory of a third state for this purpose'. Other meetings in Cape Town and Maputo discussed tourism, economic relations between the two states and the supply of energy from the Cabora Bassa hydroelectric scheme. A joint military commission was formed a week after the Accord.

This pact coming in the midst of a campaign of total war strategy suggested a significant shift in the tactics of South African destabilisation. A similar accord signed in Lusaka a month before between Angola, South Africa and the US brought to the fore the fact that the US Administration was more than a disinterested party, especially in the year when Ronald Reagan was in the midst of an election campaign for a second term as President. For the Mozambican people who have

suffered from the war and economic hardships there was no clearly explained rationale for the treaty. Comparisons between the Nkomati Accord of 1984 and the Brest-Litovsk Treaty between the new Soviet state and Germany in 1918 have been made in so far as Mozambique had been projected as a radical socialist state in the forefront of political and social transformation. However, even in the nature of how the Accord was signed there were differences, for in the Soviet Union there was a sharp public debate between Bukharin and Lenin. The Brest-Litovsk Treaty was signed three months after discussions, with the terms being explained to the Soviets. Of course, this style of politics in the Soviet Union changed after the death of Lenin in 1924.

The style, content and ideology of socialism and Marxism in Mozambique has been brought into sharp focus as a result of this Accord. It seems that after years of adulatory and uncritical analysis of Mozambican society by sympathisers of Frelimo the crisis in society—symbolised by the activities of the MNR, South African bombing raids, drought, famine and shortages—calls for critical research, analysis and investigation into the political economy of Mozambique. Such a discussion should not lead to despair but to a more rigorous analysis of the forms of struggle, political organisation and role of the popular masses in the struggle to transform Africa.

More than 23 years ago Frantz Fanon, in his penetrating insights into the neo-colonial process, elaborated on the path of political retrogression highlighting the problem of a party which seeks to command the people.<sup>1</sup> Fanon had raised questions on the lethargy of the party after independence and how the local party cadres became administrators seeking to strengthen the state. Samora Machel and other party leaders of Frelimo have made scathing criticisms of particular practices and from time to time admitted 'mistakes' or excesses by the armed forces and the party. These admissions and the centrality of the leader in the 'offensives' to correct the 'mistakes' raise fundamental questions concerning the development of the party and its relationship to the people.

This paper is situated in the context of the destabilisation of Mozambique by South Africa. It is a critical analysis of the forms of organisation among the people to meet the challenge of the MNR or to become self-sufficient in food. Such an exercise helps to underline the

<sup>1</sup> Frantz Fanon, *The Wretched of the Earth*, Harmondsworth: Penguin Books, 1967. See especially Chapter 3, 'The Pitfalls of National Consciousness'.

weaknesses of the nationalist ideology of liberation movements, even though this nationalism may be expressed in the language of Marxism-Leninism. The nature of the party, the state and its coercive organs reflect a particular type of hierarchical relationship within the society. These relationships bring to the fore the question of whether Frelimo is a tool in the hands of the government or a tool in the hands of the people.

Simultaneously the food crisis and the shortages of essential goods in Mozambique expose the problem of the strategy of reconstruction in the society. All countries in Africa suffer from food shortages as a result of the integration of their economies into the international capitalist system. To what extent has Mozambique been able to break this integration, a situation of major dependence on South Africa? Also, in the short run, if the discussions with South Africa are to bring peace, what are the programmes of Frelimo in the areas of agricultural and industrial planning, of water control (to deal with perennial flooding), the provision of water and basic commodities? While these services in this era of microprocessors and the silicon chip are not barometers of progress, it is necessary to understand that in Africa the capacity of the society to deal with the pressing problems of poverty, ignorance, illiteracy, floods and tsetse flies is an important test of the priorities of the society.

These questions are profoundly ideological in so far as there are Marxists of the Warren School and of the non-capitalist path genre who argue that capital investments (in this case, capital investments from South Africa) are prerequisites to the development of the productive forces, a necessary requirement for socialism. Such an analysis merges with the IMF/World Bank theories of economic take-off, increased cash crop production, and thus necessitates clear analysis in order to raise the question of the prospects for capitalist development in Africa.

A discussion on Frelimo at this period within and outside Africa should be geared to free the people from those ideas which hail the ability of capitalists to provide food. It requires the drawing into politics of the broad masses in an era when the promise of fear, thought control and political harangues by leaders inhibit full discussion of the problems of social reconstruction. So many states and movements wish to cut off discussion among the people in the name of the security of the state.

The dynamic of the process of liberation challenges those who want to transcend the nationalism of the struggle for political power. An attempt to conceptualise the struggles for popular power, for uplifting

living standards, must include the full participation of the people in all spheres of public life, and in the case of Mozambique would involve discussion of language, the question of cultural and ethnic diversity, and the impact of racial consciousness on the push towards emancipation.

Of necessity this short digression on the war does not exhaust the whole range of issues raised by the history of Mozambique since independence. Ruth First's book *Black Gold*, emphasised the profound consequences of providing migrant labour to South African coal and gold mines for nearly a century. Properly subtitled *The Mozambican Miner, Proletarian and Peasant*, this study helps to underline the lack of crystallisation of the working class in Mozambique. This work has helped to clarify the fact that capitalism could not develop a working class in Africa which was free in a double sense—divested from the means of subsistence and free to sell labour on the market.<sup>2</sup> This theoretical point becomes important in so far as the Marxism-Leninism of Frelimo was conceptualised on the premise of a growing and developing working class (here a working class which was characteristic of the factory relations of Western Europe). Thus in the context of the South African destabilisation and the response of the state to this threat one intriguing question which arises is: to what extent has the response of Frelimo contributed to the destabilisation of the workers and peasants? Have their policies inspired an attitude of fear and apathy within the society?

It is the view of this paper that the repressive tendencies which are expressed in the forms of state operations hinder the full mobilisation of the people and represent the anti-democratic politics and practices which are to be found all over the underdeveloped world. The call for democratic discussion in Africa is to return to the call of Amílcar Cabral to place on the agenda an item which is not usually discussed, that is, the struggle against our own weaknesses.<sup>3</sup>

### **The Destabilisation of Mozambique by South Africa**

On the morning of 23 May 1983, South African Impala Mark III jets carried out a bombing attack on Maputo, the capital of Mozambique.

<sup>2</sup> Ruth First, *Black Gold, The Mozambican Miner, Proletarian and Peasant*, Brighton, England: Harvester Press, 1983. The problem of the lack of crystallisation of the working people in underdeveloped societies is also examined by Walter Rodney in *A History of the Guyanese Working People 1881-1905*, London: Heinemann, 1981.

<sup>3</sup> Amílcar Cabral, *Revolution in Guinea*, New York: Monthly Review Press, 1967, pp 91.

The planes strafed a suburb and killed five persons, wounding over twenty others. This attack was justified to the white population of South Africa on the grounds that the airborne attacks were carried out against targets of the African National Congress (ANC). The bombing raid was said to be the response to a bomb blast in Pretoria at the headquarters of the South African Air Force (SAAF). Over two years earlier an early morning raid by soldiers of the South African Defence Forces (SADF) drove across the border to the suburb of Matola, Maputo and murdered thirteen members of the ANC. Again in October 1983 the South African jets bombed Maputo, killing some Mozambicans as well as some members of the ANC, as the militarists in Pretoria expanded their campaign of intimidation against the frontline states of Southern Africa.

These episodes are part of the wide and expanding conflict in Southern Africa, a war which stretches across the factories, mines, farms and prisons of the *apartheid* state, into the neighbouring societies, across the Indian and Atlantic oceans up to the Seychelles in the East and to the Cabinda strip in Angola. This war, called *Total Strategy* by the planners of the SADF, gives the ideological cover for a whole range of economic, political and military acts of aggression against the black majority in South Africa and against those frontline states which are said to be harbouring terrorists.<sup>4</sup> In the specific case of Mozambique, the past commitment of the leadership of Frelimo to the anti-*apartheid* struggle had earmarked that society for destabilisation. Since the conception of total strategy involved 20 per cent military warfare and 80 per cent psychological, economic and industrial warfare, it was logical that the destabilisation programme would not consist simply of bombing raids but actively supported a band of pseudo-guerrillas which operated in Mozambique under the name of the Movement for National Resistance (MNR).

The MNR has, since 1980, attacked economic targets in Mozambique with the kind of consistency which showed that their activities were well coordinated with the overall purpose of South Africa; that is, that Mozambique and Zimbabwe should remain economically dependent. The activities of the MNR can be divided into four categories:

- i) the sabotage of road and rail links between Mozambique and Zimbabwe;

<sup>4</sup> The *Journal of Strategic Review* from the University of Pretoria is a useful guide for the elaboration of the dynamics of total strategy. For two views see: *The Apartheid War Machine*, London: International Defence and Aid, 1980 and Horace Campbell, 'Total War and Total Failure', *Zimbabwe Herald* (Harare) 9 December 1983.

- ii) the attack on economic targets within Mozambique, destroying factories, tea estates, sawmills and cotton gins and burning vehicles;
- iii) the kidnapping of foreign technical personnel working in Mozambique; and,
- iv) the murder and mutilation of Frelimo cadres within the villages.

A close reading of the output of the Institute of Strategic Studies at the University of Pretoria will illuminate the thinking behind the activities of the MNR and how this group is integrated within the South African Special Forces for Counterrevolutionary Activities.<sup>5</sup> Such a study will also reveal how the South African intelligence services in the region compile data so that it would be able to take advantage of political differences within the societies of the frontline states. A brief history of the MNR will help to clarify the objectives of destabilisation behind which is stood the nuclear-gloved fist of the *apartheid* war machine.

### The MNR

All the published reports of the foundations of the MNR point to its birth within the ranks of the dispersed elements of the defeated Portuguese Secret Service, the PIDE.<sup>6</sup> The ideas which spawned the Portuguese right and security officials were harnessed by the Rhodesian Combined Forces under General Walls after Frelimo had provided guerrilla bases for Zanla in the Manica Province of Mozambique. Conceived at a time when the whites felt that they could roll back the process of decolonisation, the radio station of the MNR broadcasting from Gwelo poured out anti-African and anti-communist propaganda in the name of the 'Voice of Free Africa'. The personnel of the MNR comprised those special groups which the Portuguese had used during the anti-colonial war, and when they established bases inside Mozambique they recruited from among disgruntled or purged elements of Frelimo.<sup>7</sup> Supplied with weapons and equipment by helicopters from Rhodesia the initial objective of this group was to thwart the advance of ZANLA:

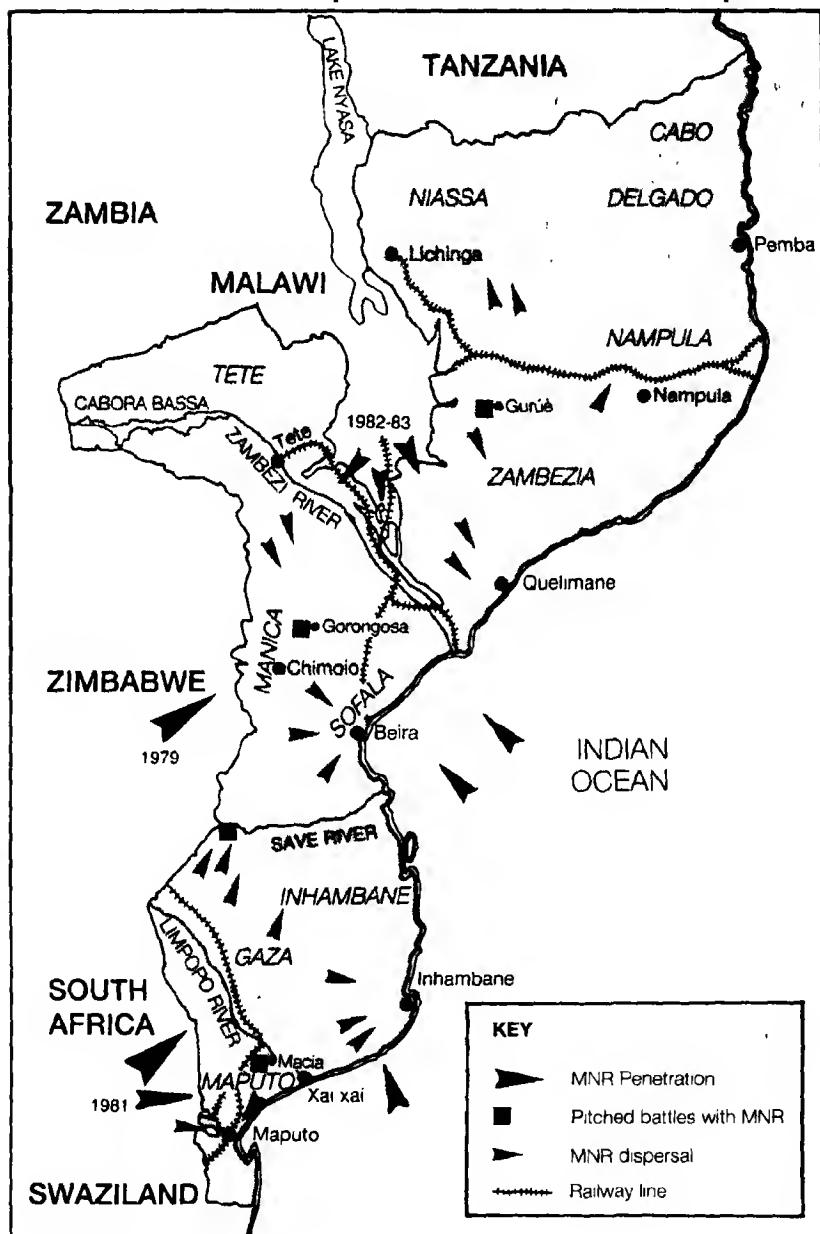
Initially the MNR acted . . . in the border zones in the Mozambican provinces

<sup>5</sup> For a breakdown of these units see both *Paratus* and *Armed Forces*, both in-house journals of the Defence establishment in Pretoria.

<sup>6</sup> See *inter alia*: Paul Fauvet and Alves Gomes, 'South Africa's Marionettes of Destabilisation' *Ujahamu* 12 (50) 1982. 'The MNR seeks a new leader', *Africa Now* (London) August 1983. Allen and Barbara Isaacman, 'In pursuit of non-alignments', *Africa Report*, May/June 1983.

<sup>7</sup> The first Commander-in-Chief of the MNR was Andre Matsangaiza, who had been a quartermaster in the FPLM and senior official in Manica province.

## Zones of MNR operations in Mozambique





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of Manica, Tete and, to a lesser extent, Gaza. They concentrated on attacking villages and kidnapping civilians, and disrupting commerce. There was never any serious attempt to take on the Mozambican army, much less to bring down the government. The Rhodesians' aims were much less ambitious. They were simply destabilising the zones used as a rearguard by Zimbabwean guerrillas.<sup>8</sup>

Badly mauled by the Frelimo army in a pitched battle at Gorongosa in 1979 the MNR was in disarray when its commander-in-chief was killed in battle. The subsequent loss of Rhodesia as a rear base after Zimbabwean independence on 17 April 1980 led to a violent power struggle within the ranks of the MNR. There was a shoot-out at the MNR camp at Chisumbanje in southern Zimbabwe in June 1980 when desperation set in. Only massive South African support saved this organisation. The surviving elements were integrated within the special forces section of the SADF and located at the staging base at Phalaborwa near the Kruger National Park across the border from Maputo.

The reorganisation of the MNR involving a streamlining of propaganda and military functions under one leadership gave a new lease of life to this force. Under Pretoria's guidance the MNR concentrated on the communications link between Mozambique and Zimbabwe in an effort to undermine the elementary initiatives of the Southern Africa Development Coordination Conference. In October 1981 the road and rail bridges over the Pungwe river were blown up, effectively isolating Beira, the principal port on the Indian Ocean for fuel destined for Zimbabwe. When both Mozambique and Zimbabwe coordinated efforts to defend the Beira-Mutare pipeline, the saboteurs blew up 34 oil storage tanks at Beira, bringing in commandos by submarine. It is significant that one month after this attack the Zimbabweans were forced to sign a contract for the supply of fuel from South Africa.

With the introduction of Zimbabwean troops and Tanzanian advisers in Manica and Sofala provinces the MNR shifted their operations from the Sitonga mountains further south to Garagua on the boundary between Manica and Gaza provinces. From this base they were supplied with weapons, food and the maintenance of a refuelling pad for helicopters to service MNR bands inland and into Inhambane. During 1982 and the first months of 1983 the MNR created chaos in the provinces of Gaza and Inhambane to the point where food, medicine and supplies could not be moved by road within the country. Frelimo had to supply the cities by sea. This meant that the inland villagers were

<sup>8</sup> 'South African Marionettes of Destabilisation', *op. cit.*, pp 12.

cut off from the central government. Attacking remote communities and burning over 800 shops, the MNR carried out acts of brutality among the peasantry and destroyed productive enterprises. In a pitched battle with the Mozambican army in December 1982 the MNR split up and again shifted their base of operations to Malawi from where they infiltrated into the Northern Provinces to Tete, Niassa, Zambesia and Nampula.

This mobility was an expression of the logistical support of the SADF and the fact that the Malawian state was subservient to the wishes of the South African security personnel in that country. Because Frelimo had not mobilised the rural poor to understand the threat of the MNR, simply passing them off as bandits, the MNR swept through Zambesia province unopposed, burning tea factories and cotton gins, mining roads, and destroying dozens of vehicles. The MNR captured the army barracks at Gurue and it is from this base in Malawi that they set out to capture Bulgarian and Soviet technical experts in an attempt to make the Cold War a dimension of the conflict in Southern Africa. In this regard the MNR killed two Soviet experts and kidnapped 24 others who were working at a tantalite mine in Zambesia in 1983. This operation was so well planned and executed that the Mozambicans believed that South African specialists took part in the kidnapping. The potential for increased conflagration in the region led to US pressures on the South Africans to release the Soviet experts. The USSR negotiated with the MNR to have their personnel released even though it was the policy of Frelimo never to negotiate directly with the MNR.

Emboldened by the passive and apolitical response of Frelimo, the MNR with no more than 5,000 rebels created havoc all over the country and ensured that Mozambican society knew no peace. They also disrupted road and rail links with the landlocked countries such as Zimbabwe and Zambia. Not once did the the MNR attack the rail link between Maputo and South Africa.<sup>9</sup> The MNR compounded the social and economic crisis in a society wracked by shortages, drought and famine. It was only after the Fourth Congress of Frelimo in April 1983, when the rural poor could acquaint themselves with the extent of the crisis, that a decision was made to recall the old guerrillas. Since the congress there has been a significant reversal in the fortunes of the MNR. However, the continuing drought, cyclones, and hunger have

<sup>9</sup> For an analysis of the strategic importance of transport infrastructure in the region to South Africa, see J G H Loubser, 'Transport Cooperation in Southern Africa', *Strategic Review*, November 1982.

forced Frelimo into the pact with South Africa. The question arises, what has become of Frelimo since 1975?

### **The FPLM and the MNR**

At the Fourth Party Congress of Frelimo in April 1983 it was acknowledged by the leadership that the major reasons for the spread of the MNR over nine provinces were:

- i) the slow response of the party to the threat of South African destabilisation;
- ii) the tactics of the army in engaging the MNR;
- iii) the excesses of the army *vis-à-vis* rural peasants; and,
- iv) the absence of the party in the rural areas.

The factors are interrelated and partly explain the success of the MNR from 1980 to 1983.

All the principal battles between the MNR and the Mozambican army were pitched battles with long-range artillery and showed the road the Mozambican Peoples Liberation Forces (FPLM) had travelled from the period when it was a guerrilla army based among the rural masses. The battles at Gorongosa town in 1979, at Garagua in 1981, at Macia in December 1982, and in the Zambesia in 1983 were pitched battles involving the enlisted in conventional armed combat and the use of long-range artillery. The very form of the confrontation and the weapons used by the army signify a shift from the period when Frelimo was a guerrilla army operating with long-range mortars, land mines, and small assault weapons such as the AK 47 rifle.

During its development as a guerrilla force, training, equipment and ideology were never separated. The principal tenets implanted at the ideological school at Nachingwea, Tanzania, was that the gun was to be guided by politics. In this way Frelimo built bases among the rural peasants in the zones of combat, Cabo Delgado, Niassa, Tete, Nampula, and, later on, Manica and Sofala. The politicisation was to ensure that the fighters rose above ethnic, racial and regional differences. The effort to develop an independent position meant that during the war of liberation Frelimo was unaffected by the Sino-Soviet dispute. This independence meant that the fighters of Frelimo could receive training, support and weapons from all sectors of the socialist community together with certain African states. As a revolutionary army, Frelimo had discouraged the adoption of military ranks and insignia, and had introduced the kind of organisation where local commanders could take

initiatives to win the confidence of the people and directly engage the Portuguese forces.

When the Portuguese army collapsed in April 1974, Frelimo had not yet established its presence in the most important economic regions of the territory. But its clarity, organisation and rigour prevented a whole series of coups, insurgencies and revolts intended to prevent the party from coming to power. Once Frelimo assumed power in 1975, they were faced with the task of whether to build up a popular state or to try to control the machinery of government bequeathed by Portugal. This was not a simple problem for there had been precedents for what could become a guerrilla army cut off from the people—as in Algeria, Frelimo was faced with the task of how to transform the guerrilla army into a regular army which had the capacity to counter aggression but without losing the ethos and politics of the guerrilla army. In one sense, Frelimo did not have time to reflect on this problem for after 1976 the Rhodesian forces declared war on the ZANLA guerrillas who were based in Manica province on Mozambican soil. One other fact which influenced the procurement of weapons for the army was the downgrading of Chinese military support for Frelimo after the Angolan war of 1975–6 when China found itself on the same side as the US and South Africa.

The speed with which Frelimo made the conversion from a guerrilla army to a conventional armed force meant that the process was not carried out with proper planning nor reflection of the repercussions for the relationship with the workers and peasants. By 1979 the FPLM had been transformed into a conventional force of about 20,000 men equipped with long-range artillery, T34, T54 and T55 tanks and armed personnel carriers.<sup>10</sup> The army was organised around seven infantry brigades with a mix of tank, mechanised artillery and air defence battalions in each brigade. Trained and equipped by the Soviet Union, with electronic equipment provided by the German Democratic Republic the form of military organisation reduced the initiatives of the individual soldier and the core of the armed forces was linked to specific weapons. With this form of military organisation it was inevitable that ranks, hierarchy, and insignia would be introduced. A specialised training college was subsequently established at Nampula to

<sup>10</sup> Defence spending in Mozambique has been consistently high. During the war with Rhodesia spending reached 75 per cent of GNP. For an estimate of the arms and equipment in the Mozambican armed forces see *The Military Balance 1982–83*, London: International Institute of Strategic Studies p 68.

train an officer corps. The selection process, the standards of education, and the language of the academy excluded most of the former guerrilla commanders who could neither speak Portuguese nor had the educational qualifications to gain entrance to the academy. Entrance requirements were pitched at the level of university entry or the equivalent and this reinforced the hierarchy and pomp of the officer corps in a society where there were only two schools capable of providing high level manpower for the state. Up to the present the Portuguese educational system which operates in Mozambique is organised to miseducate and produce a stymied and alienated product. This is why the colonised people of the Portuguese educational system had been called *assimilados*.

The FPLM spoke the language of liberation and socialism in its journal *25 Setembro*,<sup>11</sup> but in essence was no different from the other African armies in its training, weapons, and its relation to the masses. Significantly, in order to fill the vacancies in the officer corps demanded by the bourgeois selection process that had been adopted Frelimo recruited and retrained hundreds of Africans who had fought with the Portuguese. President Machel, who is at the same time Commander-in-Chief of the FPLM has from time to time remarked on the new army which separated commanders from soldiers and where the emphasis was placed on technical knowledge rather than political knowledge. In the midst of the campaign against the MNR the President launched an investigation into the security forces in an attempt to root out corruption, arbitrary and wrongful arrests, and other violations against the people. In this speech on 5 November 1981 Machel lamented that:

We had to expand our army rapidly. And our perspective was sometimes mistaken. We did not attribute sufficient importance to the soldiers' training. We placed too much importance to the levels of education, whether or not they had finished secondary education.

We did not establish a correct balance between the need for the army's technical growth and its political growth. We gave more importance to the technical aspects. As a result, we disregarded the need for the permanent purification of our ranks, as a motive factor springing from within the armed forces themselves. We thus opened the door to enemy infiltration.<sup>12</sup>

Though Machel dealt with the technocratic push as one of infiltration,

<sup>11</sup> See the editorial in number 26 of *25 Setembro*, September/October, 1978 Journal of the organ of the Political Commission of the Mozambique Peoples Liberation Forces.

<sup>12</sup> Samora Machel, *The Enemy Within*, published by the Dept of Information and Propaganda, 1982 Originally a speech called 'The Offensive Reach the Armed Forces'.

the features of the coercive forces reflected the way in which Frelimo had been engulfed within the Portuguese state machinery and cut off from the people. Machel had admitted that: 'When we won independence, the basis for the creation of the police was not the FPLM; was not the experience of organising the population in the liberated areas. The basis was the colonial police. *We wished to avoid a vacuum*. We did not have the courage to accept a temporary vacuum, while creating a police that was ours, with our methods, with our content. We preferred to use colonial capitalism's police trained to repress and despise the people' (my emphasis).

That the security forces despised the people was a reflection of the role of the coercive arm of the state and partly accounts for the survival of the MNR in the countryside. Because Frelimo did not have a presence in most of the territory before independence in 1975 it was necessary to mobilise and politicise the people but the half-hearted efforts to create a peoples' militia had given way to a concentration on the army, police and security police.

Undoubtedly there was a need to develop an army capable of dealing with invasions such as the October 1979 incursion by the Rhodesians,<sup>13</sup> but the separation of the army from the people symbolised by formalism, hierarchy and organisation meant that the army evolved as an anti-people instrument. Because the army became inflexible in its approach to war, the MNR adopted the guerrilla tactics that Frelimo had used against the Portuguese army. The MNR carried out lightning attacks and never confronted the army. With the developing dependence of the army and security police to deal with subversion, the politicisation of the rural poor took second place, to the point where one of the leaders of Frelimo, Jorge Rebelo, could say in 1980 that the party did not have a presence in the rural areas.

It was precisely in these areas that the MNR moved and exploited the fear and lack of information among the rural poor. At the same time the FPLM, which was supposed to defend the proletarianised masses and fight the MNR, carried out atrocities among the people. Army commanders took reprisals against villagers who were said to be harbouring the MNR bandits, so that in Zambesia the peasants feared both the bandits and the legitimate means of force, the FPLM. This startling fact was revealed by Samora Machel in Quelimane in 1983

<sup>13</sup> For a full description of this battle where the Rhodesians were defeated with over 1,000 killed at Sofala Province see *AIM*, October, 1979. This same experience had proved useful in Uganda when a Mozambican artillery unit fought alongside Tanzania in the war against Idi Amin

when he sacked the provincial military commander and appointed new commanders.<sup>14</sup> The negligence, high living and corruption of some officers had placed them in a new class position and in 1981 the Governor and military commander of Gaza was sacked for immoral conduct. In a massive shake up of the administrative apparatus after the Fourth Party Congress four members of the Central Committee were deployed to become governors so that the Party could keep a pulse on what was going on in the provinces. Marcelino dos Santos was deployed to Sofala Province, Alberto Chipande, the Deputy Minister of Defence also became the Governor of Cabo Delgado, Sergio Veira was sent to Niassa and Mario Machungo the Minister of Planning, was sent to become the Governor of Zambesia. These appointments and the doubling of responsibilities for already pressed leaders reflected the absence of competent personnel at the top of the party.

The fact that it required the personal intervention of Field Marshal Samora Machel to point out the pitfalls of the militarist approach remains one of the fundamental weaknesses of Frelimo. So far the party has not developed the proper mechanisms for checks and balances within the coercive organs of the state to be able to deal with the excesses of the army and security forces in their abuse of power. Because the masses were reduced to passive bystanders in the fight against South African destabilisation there were no weapons for the local militia or village defence groups, notwithstanding the pictures of the people demanding guns to fight the MNR. These pictures were featured prominently in *Tempo* and *Noticias*.

At the Fourth Party Congress in April 1983, a collective decision was made to rebuild the old guerrilla ethos of the army with the emphasis placed on the politicisation of the people. Since the Congress, old veterans have been recalled to be retrained but the resort to the old guerrillas cannot make up for the fear and apathy among the people which has been unleashed by the state. Moreover, the fact that the party had to set up special classes, including instruction in the Portuguese language, is but one indicator of the bridge dividing the state from the people.

The equivocation of the leadership in its approach to the problem of destabilisation manifests itself in many ways. Despite the successes

<sup>14</sup> In the speech Machel brought to light the fact that several young officers, sent from Maputo to Zambesia to head operations and train the local militia, had not participated in one single action against the rebels. They were occupying houses illegally receiving their wages and were being fed by the army. See *The Guardian* (London) 10 August 1983.



against the MNR by the party when it mobilised the people, the senior military officers were still bent on seeking sophisticated anti-guerrilla equipment such as troop transports, helicopter gunships and other counter-insurgency equipment. Discussions between Frelimo and the military establishment in France, Britain and Portugal in 1983 centred on the procurement of sophisticated weapons, and included the training of Mozambican officers at Sandhurst. To be sure, the Mozambican society will need more modern weapons to take on the Boers in the future but the issue of whether the people or technique and weapons are decisive appears in different forms, with the latter manifesting in the stress placed on Western capital investment by Samora Machel when he toured Western Europe in October 1983. This tour cemented the turn towards technocratic solutions to the problem of war and reconstruction.

### **The Party, the State and the People**

Ten years after the defeat of Portugal and in the midst of the war against the South African marionettes, the MNR, it is possible to reflect on the experience of Frelimo as a party holding the reins of state power. That the standing army and not the armed people was to be the leading arm of the war is clear from the exposition above. This army was given the task of being the 'linchpin of transformation'; in the words of Frelimo 'we began the revolutionary process without a vanguard party at our disposal on the other hand, the leadership had a vanguard character, and in practice the FPLM constituted an organised vanguard of the people'.<sup>15</sup> At the Third Congress of the party in 1977 Frelimo declared itself a vanguard party (instead of a front) of the worker-peasant alliance. But the way in which the 'offensives' of the party were organised did not reflect the collective consciousness of the party cadres. Instead the 'offensives' signified the way in which in the consciousness of the leadership, vanguardism over the proletarianised masses was still the foundation of the party.

This commandism and militarism which now forms part of the political culture of the Mozambican state and society is symbolised by the adoption of the status of Field Marshal by President Machel who is at the same time the Head of State and chief ideologue of the party. The President has been required to intervene in every domestic crisis and his 'personal' authority is brought to bear in the campaigns against

<sup>15</sup> *Report of the Central Committee to the Third Congress 1977*. See Chapter 3, 'The Party Vanguard Force and Leading Force'.

corruption, hoarding, offensives against negligence and 'operation production'. Personalised leadership and political apathy within Mozambique may be a litmus test of the vitality of the party in the absence of concrete information on the size, class composition, and membership of the party.<sup>16</sup>

Certain trends within the society within the past five years point to the bureaucratisation of the party and to the fact that as a one-party state the party card is a passport to many institutions. Machel has drawn attention to the lack of discipline, personal ambitions, and officiousness of top party leaders and cites these practices as 'errors'. The experience of bureaucracy and the bureaucratisation of the party in other socialist states suggests that the problem may be more profound than the outpourings of the President would suggest.<sup>17</sup> Lenin in *The State and Revolution* had cautioned revolutionaries with respect to the process of bureaucratisation. He wrote: 'Abolishing the bureaucracy at once, everywhere and completely, is out of the question. It is utopia. But, to smash the old bureaucratic machine at once and to begin immediately to construct a new one that will make possible the gradual abolition of all bureaucracy—this is not a utopia, it is the experience of the commune, the direct and immediate task of the revolutionary proletariat'.

An attempt to grasp the bureaucratic traditions within the state and the party in contemporary Mozambique is an effort to grasp the political realities beyond the speeches of the President. The dialectical relationship between party and state has been central to the process of class formation in all one-party states of Africa since the period of Nkrumah in Ghana. The weakness of the aspiring petty bourgeoisie led this class to grudgingly hold on to power while proclaiming socialist change. Frelimo, during its years in Tanzania could see how the language of *ujamaa* and liberation was used to immobilise the people while the party militants built up the institutions of the colonial state as they Africanised the churches, the educational system the judiciary, the coercive organs, the institutions of learning, together with the colonial medium of information, the radio and newspapers.<sup>18</sup>

Frelimo could have learnt from the negative examples of Kenya, Zambia and Tanzania, but as Machel admitted when they reached

<sup>16</sup> Andras Hegedus, *Socialism and Bureaucracy*, London: Allison and Busby, 1976.

<sup>17</sup> The exact class composition of the party is hard to ascertain. The documents of the Third and Fourth Party Congresses laid down specific requirements for party membership but so far there has been no empirical analysis of the class composition of the party. See in particular *Frelimo Party Programme and Statutes*.

<sup>18</sup> Walter Rodney, 'Class Contradictions in Tanzania' in H Othman, *The State in Tanzania*, Dar es Salaam University Press, 1984.

Maputo in 1975, 'They did not have the courage to tolerate a vacuum'. The rush to fill this vacuum meant that the top cadres of the party were transformed into state functionaries. At the same time those *assimilados* who had internalised the anti-African world view in order to pass their exams and survive the educational system joined the party in order to be able to get senior posts. Sabotage and the flight of over 200,000 Portuguese between 1974-6 provided an opportunity to conceptualise new forms of social control over economic administration. Forgetting the words of Lenin that 'the working class cannot simply lay hold of the ready-made state machine and wield it for its own purposes', the party recruited large numbers of the elements who had served the Portuguese. These elements became the dominant influence in all spheres of the state, in the police, the civil service, the banking system, the educational system and in the management of transport.

The boundaries between the state and party became indistinguishable as the drive to develop and consolidate the role of the state in the economy merged with the vanguard role of the party. Nationalisation and state control over production, distribution and marketing placed considerable power in the hands of the apparatus as: 'Frelimo's preference for a highly centralised system of political organisation as well as state administration paired with the traditions of Portuguese colonialism's inflated and unwieldy administration.'<sup>19</sup> Office-holders in the party and state assumed considerable power; but their experiences in managing the liberated zones did not prepare the former combatants for the social capital which existed in Beira and Maputo. The segregated and luxurious conditions of the urban culture led party cadres to forget the values of the struggle.

While grappling with the problem of state power, the Third Congress of Frelimo declared for Marxism-Leninism. Yet, although the declaration was wrapped in the ideological garb of Marxism it did not show that the 'Marxism' had rooted itself in the history and culture of the Mozambican people. The declaration of Marxism did not lead to changes in the legal framework of the society. In effect, the inability to ground their ideas in the concrete reality of the social conditions of production led to economic formulations and policy directives which compounded the already tenuous hold that Frelimo had over the economy.

<sup>19</sup> Peter Meyns, 'Liberation Ideology and National Development Strategy in Mozambique', *RAPF* (22) October-December 1981, p. 59. For other analyses of the origins of Frelimo see, Barry Munslow, *Mozambique, the Revolution and its Origins*, London: Longmans, 1983.

These factors helped to alienate the poor especially when they found that the ideology of the party could not put food in the shops nor provide seeds for planting.

Though it is out of the scope of this commentary on the war and destabilisation to delve in depth into the economic path of Frelimo it is necessary to highlight some of the economic conditions inherited by the party and the measures effected to deal with the economic problems; measures which in turn alienated the people.<sup>20</sup>

### **The Inheritance of Frelimo**

The discussions between the Mozambican leaders and the South African leaders came at a point when the whole economic basis of the Mozambican state had ground to a halt. Foreign disbursements from friendly sources could not keep the economy afloat. The leadership could hardly provide statistics on the extent of the negative growth for the whole machinery of government was in crisis.

The discussions with South Africa also reinforce the fact that there was never a Mozambican economy. This could be said of all former colonies, but the forms of integration of the labour power of Mozambique into the South African and Portuguese economy made the choices for Frelimo even more difficult than the other neocolonial societies which attained independence a decade earlier.

The independent state of Mozambique inherited a colonial economy where agricultural production was unevenly developed to supply cheap sugar, cotton and cashew nuts for Portugal. An industrial sector with the most perverse form of dependency on raw materials and on markets provided cheap semi-finished goods. By 1973 the Portuguese could boast that Mozambique was the eighth most industrialised territory in Africa. However, the industries were biased against the capital goods industries and were not capable of providing the necessary inputs for agricultural production. Geographically located in the settler centre of Beira and Maputo, this industrial sector fostered lopsided development within the territory and was dependent on coerced labour. The labour process reflected both the technical conditions of the society and the need of the colony to service the process of capital accumulation in South Africa and Western Europe via Portugal.

<sup>20</sup> There is already a growing body of literature emanating from the Centre for African Studies on the inherited economic structures. See for example, Maro Wuyts, *Peasants and Rural Economy in Mozambique 1978*; *Mozambican Miners in South Africa, 1979*; *Cotton Production in Mozambique. A Survey 1936-1979*.

This feature of service was manifest in the transit trade for South Africa and Rhodesia. A well-developed system of railroads and ports provided access to the Indian Ocean ports of Beira and Maputo. It was not until the Portuguese had to move troops to fight Frelimo that a road was built to the north linking this region to the south. So important was the transit function, the provision of migrant labour and the provision of recreation for the whites of Rhodesia and South Africa in the form of tourism that Portugal did very little to develop the vast mineral resources of the subsoil.<sup>21</sup> The Cabora Bassa dam with its power lines towering past the villages provided cheap electricity for South African industries while if the urban energy users of Mozambique wanted to use this power they had to buy it from South Africa.

The colonial legacy demonstrated the dependency of Portugal on the advanced capitalist states of Western Europe so that in a concrete sense the Mozambicans were in the periphery of a periphery. The regulatory and financial system of Portugal retarded the expansion of cash-crop production as the state gave all the support to a settler class which depended on forced labour. In the words of one commentator:

The African peasants continued to receive hardly any support from the colonial administration in order to prevent them from competing with the settlers and at the same time, to make them available as cheap labour for plantations and settler farms.

Plantation owners and Portuguese settlers were two major factions of the colonial bourgeoisie and as such determined the agricultural policy of the colonial administration. The distribution of land at the end of colonial rule in Mozambique aptly sums up the situation. Close to five million hectares, i.e., only about 10 per cent of the potential agricultural soil were actually in use; 0.2 per cent of all units of production, namely the plantation and settler farms, owned 50 per cent of the cultivated land, which in addition is the most fertile land in the country. At the other extreme, the small peasants with less than two hectares of land each, while totalling 76.2 per cent of all units of production, cultivated 23.7 per cent of the land.<sup>22</sup>

### **The Migrant Connection**

Such a racially organised political economy needed force and coercion on a daily basis. This economy provided cheap and semi-bonded labour to the coal and gold mines of South Africa. Intellectual work in Mozambique since independence has concentrated on this particular

<sup>21</sup> The Americans have of course made a thorough study of the vast mineral resources of Mozambique. See *Area Handbook for Mozambique*, Washington DC: US Government Printing Office, 1977.

<sup>22</sup> Peter Meyns, *op. cit.* p 186

history and one of the end products, *Black Gold*, represents a major contribution to the question of the labour process under the conditions of *apartheid*. This study documented how for nearly a century up to 100,000 Mozambican males worked annually in South Africa and Rhodesia. The wages were paid in gold at the official rate to Portugal, which resold the gold at the free market rate and paid the miners in *escudos*, the local currency. Independent Mozambique inherited this drain of productive labour power and by 1977 Frelimo gradually reduced the export of labour. 1975 was a peak year with over 118,000 miners going to South Africa earning £90 million in hard currency for the state. So important was this practice to the reproduction of the society that, there was no family in the southern provinces, Gaza, Maputo and Inhambane which had not sent a son and father to the mines:

As mining capital accumulation took place on the basis of labour extracted from these peasant economies, the reproduction of the peasant economies in turn became dependent on the wage income channelled back by migrant miners. Mine wages were needed to ensure the reproduction of the peasant economy; and the peasant economy in turn reproduced successive generations of miners.<sup>23</sup>

This study further revealed that in 1967 in the three southern provinces the total of mine wages paid out to miners was over eight times greater than the value of marketed agricultural production in the same year. This situation in the south together with the forced cropping of cotton in the north completed the main story of the rural areas and provided the conditions for the crisis which persists today in the form of drought and the famine affecting over four million Mozambicans.

In almost all the areas studied, the effect of this double and combined policy of surplus extraction led to a drop in land productivity, and in the living standards of the peasants. Forced cultivation of cash crops conflicted with the food-growing needs, and labour export conflicted with the disposition of labour during the agricultural season. Land which had formerly been used for groundnuts had to be given over to the production of cashewnuts for export; there was a consequent fall in output and the production of groundnuts from which the area has never recovered.<sup>24</sup>

### **Frelimo's response to the crisis of the economy**

The evidence in the past eight years has been that the response of

<sup>23</sup> *Black Gold*, *op. cit.* p 184. It is significant that the author of this book, Ruth First, was assassinated by a letter bomb on 17 August 1982. No section of society was unaffected by the war with South Africa

<sup>24</sup> *ibid.* p 186.

Frelimo to this deformed and retarded form of underdevelopment was to declare that 'The Mozambican working classes, led by their vanguard party, will create, develop and consolidate the ideological, and technical bases for passing to the stage of socialist revolution'. However, in practice, what was done was to intensify what had gone on before. What was remarkable about the economic choices offered at the Third Congress was the lack of frank discussion on the tasks involved in the pursuit of the 'socialist revolution'. At least in pseudo-socialist Tanzania during the euphoria surrounding *ujamaa* and self-reliance there were sharp debates on the questions of tourism, choice of crops, the use of capitalist management consultants, and the general question of disengagement from imperialism.<sup>25</sup> But in Mozambique the absence of a rigorous debate and the lack of comprehensive statistical information handicapped a concerted effort to promote the increased socialisation of agriculture and launch the basis for industrialisation.

Once the whole posture of the party was predicated on developing the productive forces (by accelerating the process of industrialisation and the creation of heavy industry), a posture which was not consistent with the real technical and material conditions of the economy, Frelimo became locked into the form of industrialisation bequeathed by the Portuguese. The campaigns of the leadership towards the development and consolidation of the role of the state in the economy were based on concepts relating to discipline and increased productivity. The dynamising groups and production councils did not reorient the industrial sector into forms of relations which could break the dependency on foreign markets, on raw materials and on foreign expertise. The establishment of a National Planning Commission in 1978 had as its main task the keeping afloat of the nationalised units. In fact, the workers in this sector of the economy were never liberated from the social despotism of the work-place. Up to the present, Mozambican workers have not been able to engage in industrial action and other forms of collective bargaining in order to correct the fall in real wages in the face of inflation and shortages.

The fetish of the development of the productive forces did not include the development of the general abilities of the rural producers. Hence, the social and political weaknesses of the rural producers was emphasised by the resources allocated by Frelimo to the inherited economic structure. The disarticulation between industry and agriculture was the

<sup>25</sup> Issa Shivji (ed), *Tourism and Socialist Development* (1973) and *Towards Socialist Planning* (1974), Dar es Salaam: Tanzania Publishing House.

legacy of a policy which depended on cheap unskilled labour. The three forms of agricultural production inherited were: (a) the plantation sector, largely controlled by foreign capital, producing copra, tea, sisal and sugar; (b) the settlers, producing cotton and food for their class allies in the urban areas; and, (c) the peasants who cultivated maize (the staple food of the Africans), cassava, millet and cashew nuts.

The concentration of resources on the nationalised sectors after 1975 (the plantation and settler sectors) was conceived as consistent with the view that 'the increasing socialisation of agriculture would launch the basis for industrialisation'. This formula has been the standard dictum for socialist transformation since 1917, but different societies, Cuba, North Korea, Vietnam, and China, spelt out the process with specific consideration for the relationships in the rural areas. Historically, the policy of socialist agricultural reform suffers from the disastrous consequences of the forced collectivisation of Soviet agriculture by Stalin during 1929-33. Moreover Frelimo saw concretely in Tanzania where the forced villagisation programme of the World Bank/*ujamaa* theoreticians had created a fundamental crisis in the Tanzanian countryside. Tanzania moved from being a net exporter of food to being a large scale importer of food with sharp declines in almost all areas of agricultural production.<sup>26</sup> The Tanzanian case is at the centre of a major debate where the World Bank/IMF ideologues maintain that a successful agricultural policy is dependent on individualised land tenure and incentive to capitalist farmers.

In Vietnam, where the society forged forms of resistance and agricultural production in the face of United States bombardment of dykes and rice paddies, the gains in self-sufficiency in food stemmed from an understanding of the complementary of the relations between peasant family production and collective agriculture. A Vietnamese scholar posed the question in this way:

They occupy two different positions within agricultural production and thus constitute two different sources of peasant income: cooperative labour provides their staple food needs (cereals) and family labour produces other foods (vegetables, eggs, meat, poultry) as well as most of their cash income. We must add the manufactured goods which the peasants obtain through the cooperative: In other words, the two sectors are linked, and there is, thus, a need to avoid both 'leftist' attempts to eliminate the family economy and the 'right's' policies which favour the family income to the detriment of collective economy. The recommended balance should fuse individual and collective interests.<sup>27</sup>

<sup>26</sup> Cheryl Payer, 'Tanzania and the World Bank', *Third World Quarterly* 5(4) October 1983.

<sup>27</sup> Nguyen Huu Dongo, 'Collective and family agriculture in socialist economies', *IDS Bulletin*, September 1982, p 24.



The Vietnamese experience has many salient lessons for Africa especially in a society such as Mozambique where only a correct balance between state farms and private plots could deal with the cycle of underdevelopment and forced labour in the rural areas. Collective forms of agriculture with investments in transport and irrigation are needed to deal with the ecological problems of flood control, water control, the control of tsetse flies and bilharzia. To properly harness and control the rivers of Mozambique requires the kind of investment that individual capitalists could not provide.

The ideological posture of Frelimo pushed the party into pumping huge resources into the state farms without an examination of how the settler agriculture was linked to the marketing, the milling and ginning of peasant produce. Insensitive to the deep hostilities of the rural poor to Portuguese institutions the party organised communal farms using the former strategic villages (*aldeamentos*) of the Portuguese as the basis of their communal villages. The promise of water, electricity and health clinics to those villages with more than one million peasants was not forthcoming. Meanwhile, in 1977 the state farms used the accumulated surpluses of the mine workers when the state imported £200 million worth of farm machinery, including 1,200 tractors, 50–100 combine harvesters, pumps and irrigation equipment. The Limpopo Valley rice scheme exposed the failures of this policy when soil preparation did not take into account mechanical harvesting, and the combines could only be used in the middle of the day because the rice was too moist early in the morning.<sup>28</sup> Because the technical conditions of the labour process within the society could not maintain and service these machines, Frelimo had to seek the aid of the socialist countries importing large numbers of technicians and advisors from them.

Intermediate forms of technology which could be sustained and developed within the process of the cultural development of the rural producers were never considered. Hence, the same hierarchical relations which were to be found in the state and in the military were reproduced in the organisation of agricultural production. Frelimo's policies were not sufficiently based on the specific relations of social reproduction in the rural areas. These were relations which included the questions of inheritance, the extended family, arranged marriages, and those forms of social relations which were specific to their history.

Failures, recriminations, zig-zags, the shuffling of cabinet ministers

<sup>28</sup> Joseph Hanlon, 'Does Modernisation = Mechanisation?', *New Scientist* (London) 24 August 1978.

and crisis management became the characteristic features of agricultural transformation since 1977. The ensuing collapse of the state farms meant a severe shortage of food to meet urban dietary habits. On the other hand, the running down of wage labour openings in the mines, which in the past had provided sources of cash investment for peasant agriculture, together with the breakdown of the marketing system of the intermediaries, and thus of commercial openings for peasants, produced a crisis in the rural areas. A highly centralised management of agricultural enterprises combined with weak or absent follow-through in the field completed the picture. The result was the deepening of the drought, famine and hunger in the whole society.

Consequent to this double crisis in agriculture, Frelimo joined the queue of other African states soliciting food aid. A scientific outlook should have distinguished Frelimo from the other African leaders who blame the drought on Allah or God, depending on their religious proclivities. Even though the crisis of famine has been heralded in the international press as the absence of rain, enough work has been done to show that the solution to famine and drought is neither dependent on religious intervention nor food aid.<sup>29</sup> Drought and famine are not just problems of nature, they are profound social problems and cannot be blamed as 'natural disasters' when the society has the capacity technically and organisationally, to plan, firstly, to eliminate or at least reduce the incidence of drought and famine, and, secondly, to reduce the consequence of drought and famine. Flood control and irrigation measures in Africa date back to ancient Egypt and there are bound to be problems of hunger as long as improvements in agriculture are seen only as increased production of cash crops for foreign exchange, especially the supply of coffee, tea, and cashew nuts for Europe. Agricultural transformation in Mozambique entails breaking out of the international and regional division of labour which condemns the rural producers to a life of servicing the needs of other economies.

The proceedings of the Fourth Party Congress in 1983 did not place the breaking of this cycle on the agenda. It was admitted that the emphasis on 'state farms' was an 'error', but the changes envisaged were the extension of cash-crop production on peasant farms, with the hoe the principal instrument of production. In line with the militarist approach to social problems, the major stress was to demand more discipline, more training, for peasants rather than fundamental structural changes.

<sup>29</sup> Jean Copans, 'The "New" International Division of Labour and the Sahel of the 1970s'.

Added to this was the fact that, in the absence of concrete statistical data on the economy, the *Report from the Economic and Social Directives Commission* laid down targets which were unrealistic in the context of the war and dislocation in the countryside. For example, the target for the marketed production of cashew nuts for 1984-5 was 60,000 to 70,000 tons when production had fallen from 80,000 tons in 1975 to 5,000 tons in 1982. The target for cotton production was 70,000 to 80,000 tons when production had fallen to below 15,000 tons.<sup>30</sup>

The answer of Frelimo to the agricultural crisis was to resort to another campaign in a massive drive to remove 'unproductive citizens' from the urban areas, in an exercise called 'Operation Production'. Between 50,000-100,000 urban dwellers were relocated from the urban areas to the fertile but underpopulated Niassa province. Without properly surveying the land or providing the inputs such as water and sanitation, these citizens were uprooted from the urban areas without the provision of the means to become productive: without hoes, machetes, or the minimum technological requirements for engaging in agricultural production. As in Tanzania, where this policy of forced labour was emulated (*Nguvu Kazi* or Human Resources Deployment Act of 1983) the state moved against the unorganised sections of the working poor. This sort of exercise exposed the absence of democracy in Mozambique and Tanzania for citizens. In order to avoid being picked up a Mozambican had to provide up to four items of identification: a national identity card, residence permit, identity card at the place of work, and permission to travel. This form of coercion and commandism struck at the very important principle of freedom of movement.

The war in the rural areas was then complicated by the economic policies of the state and party. The Nkomati Accord coming after Machel's extensive tour of Western Europe was a desperate bid to save the state. The search for capital investments from Western Europe emanated from the chain of failures. However, whether investment comes from the East or West it cannot compensate for a thorough and well thought out policy of social transformation.

### **Frelimo and South Africa**

Because Western capitalism views the region as a single political economy with the centre of accumulation in South Africa, it was

<sup>30</sup> For the targets of the Fourth Congress, see *Building Socialism. The Peoples Answer*. For the actual figures see *African Business* (London) December 1983. A useful study of the crisis in the cotton industry is to be found in *Cotton Production in Mozambique. A Survey 1936-1979*.

inevitable that the Mozambican state had to come to an agreement with South Africa as a prerequisite for further Western penetration and exploitation of Mozambican labour. Frelimo had to be able to provide the political conditions for capital accumulation. The talks between the Mozambican state hydrocarbon agency and Esso and Shell for the exploration and production of oil in the Rouvama basin showed the extent to which Frelimo would go to attract Western capital. With the management firm Arthur D Little of Boston acting as consultants for the Mozambican state, these oil companies have been offered conditions for profit repatriation which are even more attractive for them than in neocolonial Nigeria or Cameroon. Arthur D Little was responsible for drawing up the ten-year plan of tourism development in Tanzania in the early 1970s. No one single fact can bring to light the contradictions and the legacy of dependency which impelled the agreement in 1984. The process of capital accumulation in South Africa has a dynamic centre and to have broken out of this centre required a level of conception of the problem beyond the bookish Marxism of the party. Hence, the Mozambican state has gone full circle from a militant frontline society to a state forming a Joint Military Commission with the South Africans. The raid on the ANC homes and offices in Maputo signified to the Boers that Frelimo was in earnest in its quest to provide the proper climate for South African tourists, casinos and businessmen.

It is also clear from the discussions on investments in ports and railways and on the defence of the pylons of the Cabora Bassa hydro-electric scheme that the Mozambican state had not placed the considerations of the rural poor at the forefront of the deliberations. As one of the most ambitious schemes in Africa to harness the energy resources, the power from this vast dam on the Zambezi river provides cheap electricity for South African capitalists. Not only will Mozambicans not be able to benefit from this project for the foreseeable future, but also on top of this the ecological imbalance created by the dam presents grave dangers for the rural poor of Tete Province. The possibility of the spread of schistosomiasis from the collected water indicates future health hazards.<sup>31</sup> To identify the forms in which South African capital seeks to dominate the region is to grasp the full essence of the expanded reproduction of capital and the changing organic composition of capital within the *apartheid* borders.

The intensified class struggles within South Africa and the over-

<sup>31</sup> Keith Middlemas, *The Cabora Bassa Dam: engineering and politics in Southern Africa*, London: Weidenfield & Nicolson, 1976.

stretched military lines without were becoming untenable for the defence planners who saw defence costs rising. These costs reached dangerous levels in 1983 after the abortive Angolan invasion. During 1982, the Reagan Administration was able to help to underwrite the costs by supporting a IMF loan of US \$1.1 billion on very low conditionality terms. However, in a year of elections in the US, the Reagan Administration wants to ensure that the war in the region does not need American troops. With over US \$14 billion investments in South Africa, the capitalist class in the US would like to see the conditions created for the recomposition of capitalism on the backs of African labour.

Inscribed within this very process of the reconstitution of capitalism lie the contradictions which will lead to war and expose the fallacy of the Nkomati non-aggression pact. However much capital seeks to control and repress, the pressure for resistance and emancipation is inbuilt within the system of capitalist exploitation; especially when capital operates in a naked racial form. There can be no peace in the region as long as the system of *apartheid*, forced removals, Bantustans and exploitation continue to exist in South Africa. The principal dynamic giving rise to the diplomacy of the West and South Africa is the struggle against *apartheid*. The spontaneous and organised battles within South Africa will not cease and the Boers will fashion new forms of destabilisation and war.

### Conclusion

Mozambican society needed a respite from the ravages of the war, the total breakdown of the distribution of seeds and hoes, the shortages of food in the urban centres, and the hunger and famine complex in the rural communities. Notwithstanding this there is no doubt that the Nkomati accord represents a setback for the oppressed peoples of Southern Africa. The denial of a rear base for the freedom fighters from South Africa presents organisational and logistical problems but also presents an opportunity for a reappraisal of the politics, ideology and tactics and strategies needed for the major task of human liberation—the struggle against *apartheid*.

The analysis of the crisis in the Mozambican society also provides the foundation for a reassessment of Frelimo in order to transcend the idealism which has been associated with dynamic leaders such as Samora Machel and the late Maurice Bishop of Grenada. Though progressive democrats have condemned the cowardly invasion of

Grenada by the US, there is an urgent need to learn the lessons of Grenada, and, now, Mozambique; that is, a society embarking on a path towards liberation cannot do so without the deepening of a democratic political culture. For too long leaderism, statism, a fetishised concept of the development of the productive forces and commandism of the working poor stifled the creativity of the proletarianised masses in the name of Marxism-Leninism and/or socialism. The positive gains of Frelimo in popular participation during the struggle for independence were undermined in the quest to consolidate the state; a state alien to the people with an alien language, an alien culture, and an oppressive economic apparatus.

Further research and discussion are clearly needed on the forms of transformation, political, ideological and cultural, which are to be the foundations of an emancipated society in Africa. Too often, ideas and concepts which are supposed to free the masses from intellectual passivity are linked to the impossible tasks of modernisation/Europeanisation. The fact that Frelimo had to fall back on the commanders who knew local languages should provide the basis for reflection on the desirability of 'national' languages in Africa. Is the nation still a relevant social phenomena?

It is not insignificant that the literacy campaign in Mozambique has not met with spectacular success (after ten years there is only 25 per cent literacy) for the popular masses are still resisting the language of the Portuguese colonialists. Frelimo's cultural policies face the reservoir of cultural resistance of the masses. This popular resistance takes on pre-capitalist cultural forms, forms which the MNR have been quite willing to exploit.

The transition to socialism in Africa implies a radical break with the colonial past and, at the same time, unearthing the knowledge of past generations which can be harnessed in the process of development. It requires the unleashing of cultural and linguistic diversity in order to resist the capitalist tendency towards banal uniformity.<sup>32</sup> A cultural policy of the Mozambican state which aped the artificial life and formalism of the Portuguese alienated the party from the vast masses. Thus there is a vast gulf between the leaders in their Savile Row suits in the skyscrapers of Maputo and Beira, and the culture of the village

<sup>32</sup> Of course this is an arduous process. For an analysis of the theoretical questions raised by this search for diversity in the context of Nigeria, see Okwudibia Nnoli 'The Creation of States: theoretical and practical problems', Harare: African Association of Political Science, February 1984.

communities struggling for survival. The internalisation of the cultural values of the old order presented itself in subtle and imperceptible forms and emanated from the racial insecurity generated by four hundred years of colonialism.

In spite of a strident articulation of the philosophy of 'national liberation', the ideology of race and racial consciousness remains problematic. Frelimo had to reaffirm an anti-racist posture in Tanzania and their abhorrence of black racism when there was the struggle against Lazaro Kavandame and Uriah Simango. However, because opportunist elements such as Jonas Savimbi in Southern Africa, politicise race in their search for power, this should not mask the reality that racial consciousness remain an integral component of class consciousness in the world of white supremacy. Ever since the Sixth Congress of the Comintern in 1928 (USSR), there has been a false dichotomy between race and class such that Marxists have been unable to fully appreciate this ideological dimension of imperialism. Race can be used as a basis for perpetuating class differences even in independent societies and movements and this is even more prevalent in societies which place coloured and Indians in a middle layer. Historical experience elsewhere has shown that unless an honest and open discussion takes place, the ideas of racial inferiority and superiority are perpetuated even in movements fighting for economic liberation. The admonition of C L R James seems even more relevant now when he said: The race question is subsidiary to the class question in politics, and to think of imperialism in terms of race is disastrous. But to neglect the racial factor as merely incidental is an error only less grave than to make it fundamental.<sup>33</sup>

The task of the Marxist is to penetrate the nationalist/racial expressions to appreciate their class content. Otherwise the attempt to liberate the minds of the oppressed majority can only lead to other forms of alienation and complexes. Slogans of Marxism-Leninism should not be made into a fetish reinforcing the other forms of alienation within society; the alienation based on national oppression, the alienation based on the sexual division of labour, the alienation based on ethnic/regional disparities and the alienation based on racial inferiority.

Those forces fighting for change in Southern Africa will have to confront these forms of alienation. Through the present reversals of the movement those committed to profound change can reflect on the

<sup>33</sup> Quoted in: Walter Rodney, *How Europe Underdeveloped Africa*, Dar es Salaam: Tanzania Publishing House, 1972.

lessons of Mozambique. The leaders of the movements for 'national liberation' emerged in the period of nationalist politics. In so far as this nationalism, however progressive, was conceptualised in the seizure of state power the struggles in South Africa and Namibia require a transcendence of this nationalism. It requires a social movement which will be able to harness the concrete experiences of the working poor away from the social despotism of the present forms of industrialisation. It requires the harnessing of the racial consciousness of the black majority into an ideology consistent with racial tolerance, a movement which breaks the tribal ideology of the Bantustans into a new internationalism, a movement which will be able to break the forms of alienation, lethargy, backwardness and forms of political obedience so far entrenched under *apartheid*.

At the forefront of this struggle are those elements from the toiling masses who want to transcend the system of job reservation, pass laws, compound housing, hunger and human degradation. The workers have already made important industrial gains but the liberation movements need to be able to combine the industrial, the political, cultural and social struggles into a profound movement for emancipation. A form of guerrilla warfare which emerged in Zimbabwe and Mozambique may not be the most appropriate form of struggle inside South Africa which is a highly industrialised society. It may be appropriate to analyse the problems of Mozambique and Zimbabwe today in light of the past strategies for national liberation and social transformation. Yet one fact remains clear, that the major war and reconstruction is still ahead in Mozambique and South Africa.



## The Lessons of Recent Wars: a comparative perspective

The alarming spate of recent wars and conflicts in the Third World—Lebanon, the Falklands/Malvinas, Iran vs Iraq, the Horn of Africa, Vietnam vs China, Afghanistan, the Western Sahara, Cambodia, Central America, Namibia, Chad—has laid to rest optimistic hopes that increasing interdependence and the mounting destructiveness of modern weapons might lead to lessened conflict. These events have also renewed scholarly interest in deriving 'lessons'—both political and military—from armed conflict and war and thus to a concern with the comparative analysis of war and conflict.

There are also signs of renewed attempts at bridging the long-existing gap between the concerns of military historians and those social scientists who have special interest in security studies and arms control.<sup>1</sup> That divide has traditionally centred on disagreements over the value, if any, of theorising or generalising about the essentially descriptive materials of the history of war, and, as such, has provided a microcosm of broader arguments, evidenced throughout the social sciences, about the difficulties of comparative analysis. Among the problems of methodological and conceptual dispute are:

The validity of comparative analysis in the face of comparing and aggregating likes and unlikes;

The limits of objective quantitative analysis and of the use of somewhat formal, structured 'models' in making comparisons;

The difficulty of accommodating *hindsight* or historical vantage points;

Levels of analysis or angles of vision as applied to comparative materials, and the problem of 'subjectivity'

Each of these problem areas encompasses a variety of issues in attempting to compare recent wars in the Third World. First, it is apparent that the conflicts listed above span a spectrum from traditional conventional wars to primarily internal or guerrilla wars; within those

<sup>1</sup> See among others Walter Emil Kaegi Jr, 'The Crisis in Military Historiography', *Armed Forces and Society* 7(3) 1981, pp 299-316; Jay Luvaas, 'Military History: is it still practicable?', *Parameters* 12(1); Trevor DuPuy, 'History and Modern Battle', *Army*, December 1982; and John E Jessup, Jr and Robert W Coakley (eds), *A Guide to the Study and Use of Military History*. Washington DC: Center for Military History, 1979.

categories are significant variations in duration, intensity, geographical scope, size of territory, etc.<sup>2</sup> Quantitative analysis, meanwhile, may be useful particularly in gauging the relevance of various pre-war measures of power (GNP, population, arms inventories, etc.) and in 'explaining' outcomes, if not merely depicting their fundamental dimensions (casualties, *matériel* attrition in various weapons categories, etc.).<sup>3</sup> Some analysts, such as DuPuy, have analysed past wars in terms of very structured, formal measures of combat effectiveness, cumulating to a bottom line comparison of the strengths of combatants and, hence, to outcomes.<sup>4</sup> Others, while eschewing quantification, have chosen to make comparisons according to a checklist of evaluative criteria. Harry Summers, for instance, has utilised Clausewitz's ageless principles for such evaluations.<sup>5</sup> Still other analysts insist on the overriding importance of the unpredictable, *fortuna*, 'Her Sacred Majesty Chance'.<sup>6</sup>

As many of these wars, indeed most, are still continuing, if not latently explosive, 'lessons learned' must be ventured with the obvious caveats regarding hindsight and vantage points. Indeed, as past efforts of this sort remind us, there is a tendency for nearly cyclical revisionist theories to be applied in their turn to past wars, as witness the current revisionist writings on Vietnam as, almost a decade after its close, more dispassionate views have now become possible and acceptable.

But the dimension of time is not the only problem of perspective. There are various possible 'levels of analysis', i.e. contemporaneous vantage points. One concerns *whose* lessons we are addressing: the combatants themselves, or other nations? That is, US, Soviet, European or Chinese lessons? US Navy or US Air Force lessons? There are winners' lessons and losers' lessons, positive and negative ones.<sup>7</sup> And, the lessons can run all along a spectrum from broadly strategic politico-military concerns to those more aptly characterised as tactical or operational.

<sup>2</sup> See Melvin Small and J David Singer, *Resort to Arms. international and civil wars 1816-1980*, Beverly Hills, California: Sage, 1982.

<sup>3</sup> See R E Harkavy, 'Recent Wars in the Arc of Crisis: lessons for defense planners', in S Neuman (ed), *Defense Planning in Less Industrialised States*, Lexington, Massachusetts: D C Heath, 1983, pp 275-300.

<sup>4</sup> Trevor DuPuy, 'Let's Get Serious About Multipliers', *Army* 33(5) May 1983, pp 18-25.

<sup>5</sup> Harry Summers, *On Strategy: the Vietnam War in context*, Novato, California: Presidio Press, 1981.

<sup>6</sup> Jeffrey Record, 'Fortunes of War', *Harper's* 260(1559), April 1980, pp 19-23.

<sup>7</sup> See Roger Beaumont, 'Guidepost or Guesses? Is the Lesson of War Concept Valid?' in James Brown and William Snyder (eds), *Clients and Conflicts: perspectives on the limited wars of 1982*, Transaction Press (forthcoming).

### **The Dimensions of Comparative Analysis**

With some of the previously indicated caveats in mind, a number of areas would appear apt subjects for comparison. Some subjects lean toward predominantly methodological issues, while others are more mundane and topical:

- conjunction of strategy, doctrine, tactics, and weapons;
- military geography—terrain, weather, number of 'fronts';
- cultural dimensions of the conduct of warfare;
- the 'human factor': psychology of morale, comparative pain thresholds, trends regarding the human sustainability of combat;
- arms transfer patterns, arms resupply, and the war-fighting role of indigenous arms industries;
- Great Power intervention, coercive diplomacy, surrogate forces, the broader aspects of security assistance;
- war termination and the nature of protracted, interminable conflicts;
- the media, public opinion, and the management of war news;
- the comparative economics of the conduct of Third World warfare

Of course, not all of these dimensions may be examined with equal appropriateness as applied to all of the recent wars. Some are more important in some cases than in others—compare, for instance, the role of news management (or its absence) in the Falklands/Malvinas and Lebanon with those of Vietnam/China or the Horn of Africa.

Then, too, there is the problem here of the divide between conventional and unconventional (high and low intensity) warfare, with respect to some dimensions requiring vastly different modes of analysis. While arms resupply to combatants in conventional wars seems normal and 'accepted' in the competition among major powers, it must be conducted almost as a form of covert action in some unconventional wars (Afghanistan, Central America) where incumbent regimes beleaguered by insurgents are tied to one or another major power.

In some instances, attempting to generalise across both conventional and unconventional wars may involve peculiar contradictions, even tautologies. In discussing, for instance, cultural perspectives on warfare, it might be conjectured that 'conventional' warfare is really a part of the Western historical tradition, redolent of Clausewitz and the mystique of the decisive battle. The imagery is akin to chess and football (moving fronts, seeming momentum toward victory, a definitive ending or final whistle) whereas Maoist doctrines of unconventional warfare are often claimed to stem from another cultural tradition, one more comfortable

with protracted, interminable warfare, inconclusive or non-decisions, and the absence of visible, definable 'fronts'.<sup>8</sup> Hence, it is not surprising that in recent decades, US military writings have seemed bifurcated between what have become almost two wholly separate strategic traditions, those of conventional land war and of unconventional war or counter-insurgency.<sup>9</sup> The terminology itself is telling—conventional warfare is more often than not called *war*; low intensity cases are more often referred to as *conflicts*.<sup>10</sup> The distinctions seem also to reveal a lingering tendency in the US to separate the military from the political, which tendency used to be used to characterise a peculiarly 'American way of war'.<sup>11</sup>

### The Conjunction of Strategy, Tactics, Weapons, Doctrine

At the very core of the standard histories of warfare (Marathon to the Mitla Pass!), are the crucial interrelations of strategy, tactics, doctrines, and weapons.<sup>12</sup> Military history is portrayed as a never-ending developmental skein, an endless tale of action and reaction, with each new weapon and tactic eventually countered by another.<sup>13</sup>

Particularly germane here are the long-term cyclical ebbs and flows of advantage to offensive and defensive tactics and strategies, which in turn have been propelled by new weapons developments.<sup>14</sup> These factors tend to move in relatively long-term cycles spanning generations if not centuries, and often punctuated by key watershed battles or campaigns, in which the prevailing assumptions hitherto held by an era's military

<sup>8</sup> Scott A. Boorman, *The Protracted Game: A Wei-chi's interpretation of Maoist revolutionary strategy*. New York: Oxford University Press, 1969.

<sup>9</sup> At the 'lower' end, the terminology becomes confusing, as guerrilla warfare, revolutionary warfare, and low-intensity warfare often are used interchangeably, though some attribute to them, respectively, more distinct characteristics. A recent Hudson Institute conference in Washington entitled 'Terrorism and Low Order Warfare' hinted at still another category, presumably inspired by the US experience in Lebanon.

<sup>10</sup> This point is made in J. Dougherty and R. Pfaltzgraff, *Contending Theories of International Relations*, (2nd edn) New York: Harper and Row, 1981, pp. 181–8.

<sup>11</sup> See Lincoln Bloomfield, 'American Approaches to Military Strategy, Arms Control, and Disarmament: a critique of the postwar experience', in R. Harkavy and E. Kolodziej, *American Security Policy and Policy-Making*, Lexington, Massachusetts: D. C. Heath, 1980, Ch. 14.

<sup>12</sup> See, for example, Sir Basil Liddell Hart, *The Decisive Wars of History, A Study in Strategy*, Boston: Little Brown, 1929; and *Strategy*, New York: Praeger, 1967; and J. F. C. Fuller, *The Decisive Battles of the Western World and their Influence Upon History*, (3 vols) London: Eyre and Spottiswoode, 1954–1956, and *Armament and History*, London: Eyre and Spottiswoode, 1946.

<sup>13</sup> See Neville Brown, 'The Changing Face of Non-Nuclear War', *Survival* 24 (September–October 1982), pp. 211–19.

<sup>14</sup> George Quester, *Offense and Defense in the International System*, New York: John Wiley, 1977. See also John J. Mearsheimer, *Conventional Deterrence*, Ithaca, NY: Cornell University Press, 1983, especially Ch. 2.

planners are shattered with finality. Crevelld cites Marathon (490 BC), Adrianople (AD 378), Pavia (774), Hastings (1066), Crecy (1346), Valmy (1792), and Cambrai (1917) as European examples of such watersheds.<sup>15</sup>

Crevelld, Quester, and others have attempted to theorise or to elaborate somewhat on the context of shifts between offensive and defensive advantages. The former has discerned a rhythmic, incessant variation of periodic shifts in advantage among three major elements of combat: mobility, firepower and protection. Others, such as Luttwak following in turn from the tradition of Liddell Hart's writings on indirect strategy, prefer the terminology of attrition and 'relational manoeuvre' (or mobility), roughly related, respectively to defence and offence.<sup>16</sup> But, whereas some tend to see epochal phases of attrition and manoeuvre warfare dictated primarily by existing weaponry, strategists such as Luttwak (often in the context of the 'reformist' critique of the US military) stress the discretionary nature of the distinction, particularly as applied to the common strategic dilemma of outnumbered nations who depend on retaliation by relational/manoeuvre strategies.

The standard analysis of these factors, as they apply to the past century, is familiar enough. Both alliances prepared for wars of mobility before World War I (the Schlieffen Plan versus Foch's Plan XVII), these strategies philosophically underpinned the intellectual currents of the late nineteenth century.<sup>17</sup> The mass slaughter in the trenches of northern France—despite the advent of the tank, tactical aircraft, and poison gas in 1917–18—led to the Maginot Line strategy. The bogging down of the German *blitzkrieg* offensive in the Soviet winter, and the high attrition rate of World War II land battles then subsequently inspired NATO's essentially static defensive strategy, involving nuclear weapons. Israel's temporary *débâcle* in 1973, however, was thought finally to have ended the era inaugurated by the German *blitzkriege* of 1939–40, for anti-tank and anti-aircraft guided missiles were thought permanently to have diminished the roles of land armour and tactical aircraft. But, in 1982, the successful Israeli SAM-busting tactics and their newly-regained successful use of armour was said already to have reversed the seeming watershed of 1973. By 1984, the introduction of

<sup>15</sup> Martin van Crevelld, *op cit*, p 6. See also Crevelld, 'Turning Points in Twentieth Century War', *The Washington Quarterly* 4(3) Summer 1981, pp 3–8.

<sup>16</sup> Edward Luttwak, 'Notes on Low-Intensity Warfare', *Parameters* 13(4) December 1983, pp 11–18.

<sup>17</sup> These intellectual currents are discussed in, among other sources, Alfred Vagts, *A History of Militarism*, New York: W W Norton, 1937, Ch 7–8.

new Soviet SAM technology to Syria raised the possibility of still another reversal.<sup>18</sup> Battle history had appeared to accelerate; the cycles were telescoped, the seeming watersheds more quickly following upon one another.

Clearly, the attribution of watersheds and of 'eras' as applied to weapons and tactics had normally been in connection with the leading military powers of a given period, those on the cutting edge of technology. But, too, in retrospect, what appeared a startling shift of advantage to the defence in 1914 (machine guns, artillery, barbed wire) was later thought to have been anticipated (if not widely understood) by the US Civil War, the Russo-Japanese war and, perhaps, the Boer War. Cutting edge, indeed, but the signs may sometimes be read elsewhere.

This in turn raises the question of what military lessons can be inferred—for whom and for what purpose—from the varied recent wars in the Third World. That is a difficult question, which requires taking into account a variety of factors such as state of weaponry, capacity of combatants effectively to use weapons and terrain.

The recent Israel-Arab wars appear foremost among those to have provided lessons regarding the nexus of weapons and tactics, in the eyes of Western analysts. Hence, the technological developments from 1973 to 1982 were followed with enormous interest, particularly regarding the future roles of armour and tactical airpower.<sup>19</sup> Israel's use of weapons in particular has been widely interpreted as indicative of the state of the art at the superpower level, though some have cautioned about pushing the inference too far, particularly because of the smaller space involved and (for air war) the lesser density of combat. In the face of similar questions, the naval war in the Falklands/Malvinas has demonstrated major implications for superpower naval competition.<sup>20</sup>

It is important to point out, however, that the mixed, and presumably related, lessons of some of the other recent Third World conflicts may indicate just how difficult such generalisations can be. Iraq and Iran, fighting with many of the same weapons used in the central Middle

<sup>18</sup> See 'US Analysts Upgrade Opinion of Syrian Units', *New York Times*, 5 December 1983, p A12; and 'Black Clouds in Middle East', *New York Times*, 8 October 1983, p A1.

<sup>19</sup> A good summary of these arguments is contained in Edward Luttwak, 'Commentary: defense planning in Israel: a brief retrospective', in Newman, *op cit.* *Defense Planning in Less-Industrialised States*.

<sup>20</sup> In addition to sources cited elsewhere in this paper, see the following chapters in the forthcoming book by Brown and Snyder, *op cit.*: John F Guilmartin, 'The South Atlantic War: lessons and analytical guideposts, a military historian's perspective'; Dov S Zakheim, 'The South Atlantic: evaluating the lessons'; and Major General T A Boam, 'Lessons from the 1982 Falklands Campaign'.

Eastern conflict, have been locked in a nearly stationary *slugfest* for four years which has reminded some of World War I.<sup>21</sup> Indeed, the terrain is in many areas quite suitable for armoured manoeuvre warfare, despite the mountains and marshes in some parts of the front. India in 1971 conducted a virtual *blitzkrieg* offensive in Bengal despite difficult riverine terrain, in a manner deemed by one military analyst as 'a classic example of the application of Liddell Hart's theory of the expanding torrent'.<sup>22</sup> The Somalia/Ethiopia war was pretty much one of manoeuvre (fought by nations one might consider inherently less able to conduct mobile, forward operations than Iraq or Iran);<sup>23</sup> the onslaught by China against Vietnam in 1979 seemed to have had the character of a costly meatgrinder offensive across a broad front, albeit with some road-bound use of armour.<sup>24</sup> None of these wars appears to have interested Western observers regarding possible lessons for Central Europe, as had that of the 1973 Israel/Arab war.

Two possible generalisations appear worthy of consideration here, and they are offered with caution.

First, the skein from 1967 to 1973 to 1982 in the Middle East may indicate that generalisations about offensive and defensive advantages have become far more ephemeral and more subject to surprise. What once were generalisations (even arguable ones) applicable for lengthy epochs have now been telescoped into a much shorter time-frame. Second, it is possible that the 'lessons' of recent wars make the argument for treating individual cases as nearly *sui generis*, because of geographical specifics (weather, frontal 'width' of combat lines, mountain and river barriers) and because fundamentally Israel and India may be one thing; Iran, Iraq and Argentina another.

Of course, the conjunction of weapons, tactics, and doctrines in the arena of unconventional warfare may be seen to have its own imputed skein of development, maybe too its own watersheds of sorts.<sup>25</sup> Here

<sup>21</sup> In addition to sources cited elsewhere in this paper, see Anthony Cordesman, 'Lessons of the Iran-Iraq War: tactics, technology, and training', *Armed Forces Journal International*, June 1982, pp 68-83.

<sup>22</sup> See Michael Carver, *War Since 1945*, London: Weidenfeld and Nicolson, 1980, p 233.

<sup>23</sup> See *Strategic Survey*: 1978, London: IISS, pp 94-99; James Mayall, 'The Battle for the Horn', *The World Today*, September 1978, pp 336-45; and several articles in the *New York Times* on 12-13 February 1978.

<sup>24</sup> See *Strategic Survey*: 1979, London: IISS, pp 56-60; Li Man Kin, *The Sino-Vietnamese War*, Hong Kong: Kingsway International Publications, 1982; and Harlan Jencks, 'China's "Punitive" War in Vietnam: a military assessment', *Asian Survey* 19(8) August 1979, pp 801-15.

<sup>25</sup> See, among others, Edward Luttwak, 'Notes on Low-Intensity Warfare', in Richard Hunt and Richard Shultz, eds., *Lessons from an Unconventional War. Reassessing US Strategies for Future Conflicts*, New York: Pergamon, 1982; Bard O'Neill, William Heaton and Donald Alberts (eds).

one might surmise that tactics would evolve more slowly, as the role of new advanced technology might be thought less crucial or at least less likely to produce rapid qualitative changes.

Generally, that appears the case. Yet, the US innovations with helicopters in Vietnam—for moving troops about rapidly and as firing platforms—appear to have been followed by the USSR in Afghanistan, the ultimate outcome in Vietnam notwithstanding. And in Western Sahara, with its near-complete lack of cover, both helicopters and fixed-wing aircraft have been used extensively for counter-insurgency operations.

Less clear are the lineal developments in low-intensity wars with respect to the tactics of counter-insurgency: search and destroy, scorched earth and free-fire zones, strategic hamlets, etc; fixed fortifications versus more mobile and aggressive tactics. Here, such 'grand tactical' considerations must be judged in the context of geographical realities; the extent to which merciless, brutal, suppressive activities are allowed for by domestic and external pressures; the extent of casualties and duration of war sustainable by an incumbent power, and so forth. One way or the other, the lessons provided by Vietnam, particularly for the Soviets in Afghanistan and for US friends in Central America have received a lot of attention.

### **Military Geography**

Perhaps just because of the relentlessly idiosyncratic nature of the subject, the comparative aspects of military geography have received little attention in modern security studies; indeed, there really is no recent full-length coverage of the subject.<sup>28</sup> One might surmise a parallel with the submergence of geopolitics as a field of study until very recently.

Yet, even a casual glance at the histories of recent wars in the Third World appears to reveal the crucial importance—in a comparative sense—of the traditional staples of military geography: topography or land features, depth and buffer zones for absorption of the protagonists' initial thrusts, frontal width and channelling of avenues of attack, the

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*Insurgency in the Modern World*, Boulder, Colorado: Westview 1982; and Sam Sarkesian and William Scully (eds), *US Policy and Low-Intensity Conflict: potentials for military struggles in the 1980s*, New Brunswick, New Jersey: Transaction, 1981.

<sup>28</sup> An exception but now somewhat dated is Louis C Peltier and G Etzel Percy, *Military Geography*, Princeton: Van Nostrand, 1966. This work is pegged closer to the grand strategic than to the operational level



weather, and the number of 'fronts' with which a combatant must simultaneously cope (whether wholly separated or not).

The narrowness and ruggedness of the corridor leading from the Golan Heights toward Damascus was very advantageous to Syria's layered defences in 1973, preventing Israel from using its preferred mobile armour tactics without violating Jordan's frontiers, and virtually forcing it into an attrition *slugfest* in the advance towards the Syrian capital. The sandy deserts and the few passes through the mountains in western Sinai were critical tactical considerations there in 1956, 1967 and 1973. The mountains east of Baghdad have acted as a defensive barrier against Iranian offensives, and allowed Iraq to concentrate its main defensive forces further to the south.<sup>27</sup> The mountains in Ethiopia flanking the Abyssinian plateau and the Rift Valley funnelled the Somalian thrust in 1977-8, providing Ethiopia time to regroup for a counter-offensive and to acquire external assistance. The rugged terrain in northern Vietnam was, apparently, helpful to Vietnam in blunting the Chinese offensive in 1979, partially cancelling the numerical advantage of the Chinese and reducing the effectiveness of their armour.

Military histories are replete with common generalisations regarding the nexus of military geography to weapons, tactics and strategies. Flat and uncovered plains are commonly said to lend themselves to rapid armoured movement; mountain barriers to favour the defence (provision of high ground) and to restrict mechanised forces. Similarly, regions criss-crossed with water barriers or containing swamp-lands are not considered good tank territory.

Yet, the recent wars in the Third World provide some cautionary exceptions to these generalisations. Israel's armour moved rapidly across tough desert terrain in 1967 (some of it previously considered impassable for tanks) and it also advanced rapidly through similar terrain in the Lebanon in 1982. India, in the eastern zone of its 1971 war in Bengal, conducted rapid offensives across difficult riverine territory, against what was considered a competent professional army. And, although the Iran-Iraq frontier appears to provide good 'tank country', there has been a stalemated war with little in the way of rapid armoured movement.

The standard generalisations about terrain may perhaps more easily be reflected in the experiences of recent unconventional wars. The

<sup>27</sup> In addition to the chapter in this volume by William Staudenmaier, see his 'Military Policy and Strategy in the Gulf War', *Parameters* pp 25-35; and 'War Between Iran and Iraq', *Strategic Survey* 1980-81, London: IISS, pp 49-52.

dense ground cover in much of Vietnam and in Central America does appear to have rendered counter-insurgency warfare very difficult (and obversely, has favoured 'hit and run' insurgency tactics), even taking into account the morale and effectiveness of the incumbent forces' regimes. In the Western Sahara, open desert terrain and clear weather have indeed appeared to favour defensive forces able to construct fixed lineal defences and also able to conduct counter-insurgency operations from the air. Afghanistan, however, may provide mixed lessons, with the Afghan rebels having demonstrated the capacity to sustain guerrilla actions even without the aid of extensive cover, though they are favoured by mountain terrain which inhibits Soviet ground mobile operations.

The role of depth (involving a nation's overall area, but also the location of key cities, industries and military strong points in relation to borders) has been much debated. The standard illustration is that of the Soviet Union's use of its vast spaces to absorb and then defeat Charles XII, Napoleon and Hitler. Space can be traded for time, and seasonal variations in weather can often be used to advantage. Iran in 1980 and Ethiopia in 1977 are deemed some recent examples of successful absorption efforts. On the other hand, some commentators on the Israel-Egypt conflicts of 1967 and 1973 have claimed, in counter-logical fashion, that Israel's less effective performance in 1973 was, ironically, partly a result of its having acquired the Sinai buffer, which also resulted in the degrading of its early warning systems regarding troop movements in Sinai and, because of its normally low levels of deployment outside actual war, left its forward positions precariously exposed.<sup>28</sup>

Israel and Iraq may, still, be counted as labouring under a disadvantageous depth/location situation. Iraq's capital, Baghdad, is much closer to the contested frontier areas than is Tehran, and this has been important, for instance, in forcing Iraq to maintain extensive defensive deployments between the border and the capital. This asymmetry also challenges the validity of the Iraqi preventive war strategy of 1980, in that it could not easily have succeeded either in the destruction of the Iranian army or the overrunning of the major Iranian core areas. This, in combination with Iran's numerical advantage was to be decisive, barring the complete collapse of the Teheran regime.

Syria and Jordan too, it must be noted, labour under problems of depth in relation to Israel; in the case of Jordan, this was no doubt a

<sup>28</sup> This point is made in the London Insight Team's, *The Yom Kippur War*, New York: Doubleday, 1974, pp 165-6.

compelling rationale for its effective abstention in 1973. In the Horn of Africa, Ethiopia's vast depth, and the mountain barrier between the Ogaden plains and the Ethiopian plateau containing the major urban centres of Addis Ababa and Harrar, were altogether decisive in explaining the war's outcome in 1978. As with Iraq, Somalia's preventive war strategy was to appear, in retrospect, as wholly inadequate to cope with this disadvantage, in the absence of capability to strike decisively over long distances with ground forces. Somalia, in addition, suffered from the absence of favourable defensive barriers to an Ethiopian counter-attack into its own territories which, had it not been for external restraints (exercised jointly by the US and USSR, reportedly) might well have resulted in a total *débâcle*.

The impact of space in connection with the conduct of insurgency and/or counter-insurgency warfare has not received a great deal of attention, though some commentators have, for instance, remarked upon the smaller space of El Salvador and Guatemala relative to Vietnam as perhaps serving to ease the problem of counter-insurgency. The Soviet Union, clearly, has had problems coping with the vast reaches of Afghanistan with 'only' some 110,000 troops; this virtually dictates a combined strategy of retaining secure control only over major cities along with 'search and destroy' elsewhere. In Western Sahara, the emptiness and virtual economic irrelevance of much of that area's desert has allowed Morocco to concentrate defensively only on the areas inside its lengthy defensive berm (berm: the margin at the edge of the desert).

### Cultural Dimensions of Conflict

During much of the post-World War II period the subject of comparative cultural perspectives and their associated effects has been handled very cautiously. However, that has now changed, possibly coincidentally, with the rise of sociobiology, geopolitics and other theoretical interests not necessarily logically associated with a more conservative sensibility. The recent past, indeed, has witnessed academic works dealing with a claimed *sui generis* Chinese style of warfare said to be derived from the game of *wei'chi*, and yet others which examine the comparative cultural aspects of national strategy.<sup>29</sup> The Iranian revolu-

<sup>29</sup> Boorman, *op cit*. For more general coverage, see Ken Booth, *Strategy and Ethnocentrism*, New York: Holmes and Meier, 1979; Adda Bozeman, *Politics and Culture in International History*. Princeton: Princeton University Press, 1960; Colin Gray, *Strategic Studies: a critical assessment*. Westport, Connecticut: Greenwood Press, 1982, Chapter 5 under 'Strategy and Culture'. devoted primarily to 'strategic cultures' within the context of the US-Soviet nuclear competition:

tion, the Iran-Iraq war, and the events in Lebanon have given rise to some scholarly and journalistic speculation about an 'Islamic way of war'.<sup>30</sup>

'Comparative culture' here can—the term is used loosely—refer to the varied or mixed impacts of religion, ethnicity, race, indeed, any internalised cultural or other identity which one might associate with certain definable tendencies to conduct warfare in identifiable, unique ways.<sup>31</sup> And, of course, it is recognised that the differences may be less than stark, if sometimes crucial.

During and after the Vietnam war, but also harking back to the Chinese civil war and the Korean war, much was written about identifiably (rather, variously) Asian or Chinese modes of waging war. Westerners were seen as wedded to finite (in time) wars, decisive set-piece battles, and visible, moving fronts; Asians, by contrast, were said to have a more patient, long-term view amenable to protracted conflict, and a spatial perspective allowing for fluid if not non-existent fronts. Hence, it was claimed, Westerners could not easily cope with protracted, guerrilla war, nor, more broadly, with those having inconclusive endings.

The events of the late 1970s and early 1980s rivetted attention to an Islamic way of war, said to feature fanaticism, an indifference to death, a cult of martyrdom and the promise of paradise for heroes. Such imagery was made vivid in the West by the Iranian 'human wave' tactics at Bustan and Basra, the Sadat assassination, and the *kamikaze* truck bombings in Lebanon. Providing one caution for such analyses were the occasional comparisons to the Japan of the 1930s and 1940s, with its *banzai* and *kamikaze* attacks, which emanated from a very distinct (from Islam) religious and social environment, albeit one then also supportive of violent fanaticism.

The subject of pain thresholds, i.e., the capacity to sustain casualties, is often discussed in these contexts—Vietnam, Iran and Iraq have raised

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and Stephen Wilson, 'For a Socio-Historical Approach to the Study of Western Military Culture', *Armed Forces and Society* 6(4) Summer 1980, pp 527–52.

<sup>30</sup> See Richard D Lyons, 'Who are these smiling killers?', *The New York Times*, 18 December 1983, Section 4, p 1; 'Roots of Assassins: hashish and the year 1090', *The New York Times*, 14 December 1983, p 12; and 'Tangled Wars of Code Names and Allegiances in Beirut', *Washington Post*, 1 February 1984, p A1.

<sup>31</sup> Such cultural perspectives may perhaps also be 'inherited', or passed on even despite massive long-term political changes and revolutions. See, for instance, Steven D Stincetz, 'Clausewitz or Khan? The Mongol Method of Military Success', *Parameters* 45(1) Spring 1984, pp 71–80. According to him, 'like many other armies past and present, the Soviet military cannot be analysed aside from the web of social values that holds it together. . . . In this respect, the Soviet Army resembles its distant antecedent, the Mongol horde'.

some daunting questions for Western analysts.<sup>32</sup> Such discussions often shade into those involving modes of 'rational' or non-rational decision-making as adjudged through Western blinkers. Non-Western 'fatalism' is also sometimes discussed in connection with military grand strategy, for instance, in connection with the seemingly mysterious process of Egyptian decision-making in 1967. Japan's assault on Pearl Harbor was similarly questioned.<sup>33</sup>

Whether comparative culture deserves a separate niche here may, of course, be argued. Recent Arab and/or Argentinian actions might perhaps be as easily understood as consequences of desperate humiliated nationalisms, or traumatic pasts, as of purported cultural characteristics such as Islamic fanaticism or Latin *machismo*.<sup>34</sup> There are also questions as to whether the impact of such factors can be seen, let us say, at the level of small-unit tactics, or with regard to preferences for the use of certain weapons or disdain for others.<sup>35</sup>

One other possibly relevant aspect of comparative culture as applied to war-fighting is perhaps more suitably discussed under the rubric of class structure and/or patterns of authority. After the 1967 war, Israeli commentators such as Y Harkabi, argued that the dismal performance of the Egyptian forces was rooted in Egypt's class structure; specifically, its rigid, hierarchical military structure, which allegedly featured great social distance between officers and soldiers.<sup>36</sup> The consequence of this was said to be not only low morale, but the absence of any kind of autonomous decision-making or initiative at small-unit levels, which would be a marked disadvantage in fast-moving manoeuvre warfare.

<sup>32</sup> See, for example, the pathbreaking analysis by John E Mueller, 'The Search for the "Breaking Point" in Vietnam', *International Studies Quarterly* 24(4) December 1980, pp 497-519, and the subsequent critiques in the same volume by Richard Betts and Frederick Z Brown.

<sup>33</sup> John Toland, *The Rising Sun* (Vol I), New York: Random House, 1970, especially Ch 3 and 6. With regard to cultural determinants of strategic thought, Toland points not only to Japanese fatalism, but also to an ingrained attraction to sudden, surprise blows.

<sup>34</sup> For an illustration of this point, see the excellent article by Thomas L Friedman, 'Rise of Militancy by Moslems Threatens Stability of Egypt', *New York Times* 27 October 1981, p A1, A10.

'Tallal's depression and subsequent turn toward a more fundamental belief in Islam after the 1967 war is, by all accounts, not uncommon. Many people feel that the resurgence of Islamic militancy in Egypt dates to that overwhelming defeat . . . everyone was questioning themselves after the war . . . they kept asking what it was about our society, our culture, our political system that could pave the way for such a defeat'.

<sup>35</sup> Some analyses posit a near non-rational attraction for *machismo* in the Israeli army as a way of compensating for centuries of helplessness and passivity. Hence, in the London *Insight* team's book on the 1973 war, p 325:

'Dayan valued Sharon because in the fifties Dayan was trying to create an officer corps whose philosophy would be to take any objective by frontal attack, paying for it with lives . . . Dayan's aim was to exorcise Jewish cleverness from the Israeli army'.

<sup>36</sup> Yehoshafat Harkabi, 'Basic Factors in the Arab Collapse during the Six Day War', *Orbis* (11), Fall 1967, pp 677-91.

Similar characterisations have been offered in connection with the Iraqi army's performance, particularly at the outset of the war with Iran in 1980<sup>37</sup> and with regard to the Soviet armed forces. Particularly difficult to ascertain is whether (assuming these speculations have some validity) the root cause is in indigenous class structure or otherwise, in traditional authority patterns rooted in culture or, rather, a derivation from the military organisation and decision-making modes of major power client states. Soviet military influence upon Iraq and Egypt has been discussed in this manner; similarly, the combined impact of traditional culture and American influence upon the South Vietnamese ARVN.

### **The 'Human Factor' in War: comparisons**

A review of the recent literature on trends in warfare reveals a certain paradox or, certainly, some contradictory perceptions. On the one hand, some raw data appear to indicate that levels of inter- and intra-state violence are rising; this being attributed to factors such as clashing nationalisms, religious and ideological hatreds, and the frustrations of economic deprivation. But then, one also sees analyses, particularly those anticipating increasing global interdependence, and the development of new 'norms' or 'regimes' associated with international organisations, which posit a decrease in violence, even the growing 'irrelevance' of matters military.<sup>38</sup>

At another level, the British historian John Keegan has postulated an impending 'abolition of battle', with roots in an assumed increasing disinclination of soldiers of all nations to fight. Basically, his claim is that the increasing terror, brutality and impersonality of modern battle (such as noise, viciously efficient killing weapons, absence of inter-personal combat encounters) makes it more and more unlikely that many nations will be able to find persons able and willing to sustain combat for more than short periods.<sup>39</sup>

Whether these projections, made with Central Europe clearly in mind, are equally applicable to recent or future Third World conflicts, is an interesting question. Iran's ability to recruit tens of thousands in the war might seem to argue the contrary, unless the absence in that war of

<sup>37</sup> See Seth Carus, 'Defence Planning in Iraq', in Stephanie Neuman (ed), *Defence Planning in Less-Industrialised States*, *op cit*, pp 29-51

<sup>38</sup> A brief critique of this thesis is in Edward Kolodziej and Robert Harkavy, 'Developing States and the International Security System', *Journal of International Affairs*, Spring/Summer 1980, pp 59-87.

<sup>39</sup> Keegan, *op cit* pp. 340-41

sustained periods of intense combat provides one explanation.<sup>40</sup> Likewise, the Chinese and Vietnamese armies appear to have sustained enormous casualties in their short one-month war in 1979, without producing any *post mortem* questions about morale problems. Indeed, the subject of 'battle fatigue' and psychiatric breakdown seem mostly to have arisen in connection with the US and British experiences, and now, also, with regard to Israel's quagmire in Lebanon (where Creveld reports a higher incidence of battle fatigue than had been reported in previous Israeli wars).<sup>41</sup>

Keegan also broaches another aspect of this subject which then provides links to the historical trends concerning the duration of war, and hence, the alternation of advantage between offence and defence, or alternating tendencies to attrition and manoeuvre warfare. He cites an American report regarding the capacity of soldiers to sustain long periods of combat, as follows:

There is no such thing as 'getting used to combat' . . . Each moment of combat imposes a strain so great that men will break down in direct relation to the intensity and duration of their exposure . . . psychiatric casualties are as inevitable as gunshot and shrapnel wounds in warfare . . . Most men were ineffective after 180 or even 140 days. The general consensus was that a man reached his peak of effectiveness in the first 90 days of combat, that after that his efficiency began to fall off, and that he became steadily less valuable thereafter until he was completely useless . . . The number of men on duty after 200 to 240 days of combat was small and their value to their units negligible. The fighting of the Second World War, in short, led to an infantryman's breakdown in a little under a year.<sup>42</sup>

These generalisations raise some important questions regarding warfare in the Third World. What, for instance, if Israel—despite its preemptive warfare doctrine—might one day find itself in a more protracted war? What does it mean in the context of the lengthy Iran-Iraq war which, because of Iraq's much smaller population, may have required it to keep soldiers at the front in combat for very long periods? What, indeed, might it mean for the possible use of nuclear weapons in some later situations, if and when armies should disintegrate for the reasons cited by Keegan?

<sup>40</sup> See, for example, 'Iraq Leaves Dead Iranians to Display to Reporters', *New York Times*, 6 March 1984, p A6.

<sup>41</sup> Martin van Creveld, 'The War: a questioning', *Jerusalem Post, International Edition*, 12–18 December 1982, pp 12–13. He correlates psychiatric casualties with low morale on the basis of the Israeli experience in Lebanon in 1982, and also discusses the role of technology in a matter somewhat distinct from Keegan, concentrating on the impact of increasing military specialisation.

<sup>42</sup> Keegan, *op cit* pp 335–6.

One other matter brought to prominence by the recent wars in the Third World is that of the comparative effectiveness of professional as opposed to conscript armies, a matter perhaps related directly to those of morale and the capacity for sustained combat effectiveness.<sup>43</sup> Indeed, the commentators have pointed to the apparent contradictions of some recent experiences, whereby the British army's performance in the Falklands/Malvinas has been cited as proof of the value of a small, professional army with units based on tradition, while Israel's past performance have been attributed to the existence of a conscript 'citizen's' army. Both the experiences of the US in Vietnam and of Argentina in the Falklands/Malvinas have been used to illustrate the pitfalls of the latter.

#### **Arms Transfers, Arms Resupply, and the War-Fighting Utility of Indigenous Arms Industries**

Virtually all the recent wars in the Third World have been fought by nations or groups wholly or very substantially dependent upon the major powers for their weapons. Indeed, arms transfer diplomacy may further be said to have been one contributing factor to the onset of war in several instances. The ability of combatants to sustain those wars has also been heavily affected by the major powers' willingness and capacity to resupply spare parts and replace 'end-item' systems.

In some instances, nations relatively assured of uninterrupted weapons supplies have appeared to initiate preventive, or, rather 'window of opportunity' wars during periods when rivals have been engaged in major realignments of suppliers-client relationships. Ethiopia in 1977 and Iran in 1980 (both far stronger nations than their regional rivals) were attacked in such circumstances, as Somalia and Iraq, respectively, took advantage of Ethiopia's and Iran's changing to new suppliers.

Some wars, of course, have been so short-lived as to preclude the necessity for resupply—the Middle Eastern conflicts of 1967 and 1982 are examples—although in 1982 massive post-war Soviet resupply was crucial to the evolving military balance and associated diplomacy.

In lengthier, intense conflicts seeing extensive attrition of *matériel*, resupply has often been a major determinant of outcomes.<sup>44</sup> Nine-

<sup>43</sup> Among others, see David R Segal and Katherine Swift Gravino, 'The Empire Strikes Back: military professionalism in the South Atlantic war', in Brown and Snyder, *op cit* (forthcoming).

<sup>44</sup> A fuller coverage of the subject of arms resupply is in R E Harkavy, 'Arms Resupply During conflict: a framework for analysis', *The Jerusalem Journal of International Relations*, (forthcoming).



teen seventy-three provides a salient and much-publicised case, involving rival, competitive superpower airlifts and truly massive arms resupply. In the Horn of Africa war of 1977–8 and in that involving Iran and Iraq, both sides have used multiple and often confusing sources of resupply, not easily predicted by a simple 'Cold War' model of clientship, as had been the case in 1973. Iraq has been resupplied by France, Brazil, Italy, China and the USSR (with extensive financing from Saudi Arabia and the other Gulf States) while post-Shah Iran, cut off from the erstwhile US source, has apparently relied at various times on North Korea, Libya, China, Syria, the USSR, Israel and South Korea, supplemented by alleged and obscure 'private' sources in Western Europe.<sup>45</sup>

Morocco's difficulties in acquiring US arms early on its Western Sahara imbroglio, the Soviet Union's resupply operation on behalf of Vietnam in 1979, and Argentina's frantic quest for replacement weapons in 1982, (in Israel, South Africa, Libya, Brazil, Peru, among others) all illustrate the importance of resupply to the conduct of war. Generally, the USSR has responded, consistently, with massive arms resupply to its beleaguered clients, while the US, often Hamlet-like in its ambivalence between client support and arms control and 'conflict termination', has exhibited a long and tortuous history of half-hearted and temporary embargoes, 'quarantines', 'non-lethal' weapons support, and the like.<sup>46</sup> Meanwhile, both of these major powers and the various Third World combatants have been engaged in energetic diplomacy aimed at ensuring access to air staging points and overflight rights which would facilitate resupply operations, should they be required. That diplomacy is engaged in during peacetime as well as, *ad hoc*, during war, is seen in recent US negotiations for bases with, among others, Spain, Portugal, Morocco, Egypt, and Oman.<sup>47</sup>

Not all Third World nations are totally dependent upon major powers to sustain combat operations in war, though none are near independence. Israel and India, for instance, have built extensive indigenous arms industries which can greatly reduce the need for resupply during war, particularly with regard to consumables, i.e., ammunition, some

<sup>45</sup> See, among others, 'Iran Said to get Large-Scale Arms from Israel, Soviet, and European', *New York Times*, 8 March 1982, p A1.

<sup>46</sup> Regarding the Carter Administration in this connection, i.e., the ill-fated PD-13 restraints policy and the aborted CAT talks, see P Hammond, D Louscher, M Salamone, and N Graham, *The Reluctant Supplier*, Cambridge, Massachusetts: Oelgeschlager, Gunn and Hain, 1983, especially Ch 6.

<sup>47</sup> See Robert E. Harkavy, *Great Power Competition for Overseas Bases*, New York: Pergamon, 1982, Ch 5.

spare parts, etc. In 1982, Israel displayed a range of indigenous combat equipment (albeit most of it with some US or other outside component content), some of which apparently acquitted itself well: such as electronic countermeasures, missiles for interdicting SAMs, drones and RPVs and innovative new tank armour.

Another question in relation to arms transfers is that of whether choice of major supplies—granted, more often than not determined on the basis of ideological ties—has been a significant determinant of the outcome of wars. As already noted, the Soviet Union appears under most circumstances to be more likely to come through with large volume resupply during conflict, a function both of production and inventory data, and to have a lesser inclination to be hamstrung by 'idealistic' concerns over arms control or 'conflict control'. But, quality also counts. The Egyptians complained after 1973 at having been disadvantaged relative to Israel and that complaint may have been a major reason for its subsequent shift in diplomatic alignment.<sup>48</sup> Syria made similar complaints after 1982, impelling the then humiliated Soviet Union to a massive reconstruction of Syria's forces and the introduction of better and more modern weapons, across the board.<sup>49</sup> But then, it is worth recalling that in the hands of the Vietnamese and the Ethiopians, Soviet arms have prevailed on the victor's side; in the latter case, however, against a foe largely armed by the USSR also.

Arms transfers are, indeed, but one crucial element of security assistance. One could also point to other roles played by the major powers; the seconding of advisors, the provision of surrogate forces—sometimes in large unit formations—assistance with intelligence information, coercive threats and both external (long-range) and internal logistics. Generally, the weaker or smaller the powers involved in war, the more such conflicts are subject to crucial tilting on the basis of such external assistance, i.e., the more easily a major power's role can be decisive.

The use of Cuban 'surrogate' forces, transported and armed by the Soviet Union and operating at large-unit levels was, of course, a crucial determinant of the outcomes in the Horn of Africa and Angola. Less vital have been the roles of Pakistani, North Korean and other 'volunteers' on the side of the Arabs in several wars with Israel. Soviet

<sup>48</sup> See, among others, *Insight* team of the London *Sunday Times*, *The Yom Kippur War*, New York: Doubleday, 1974, pp 370–71, especially valuable regarding comparisons of tanks.

<sup>49</sup> See, for instance, 'Syrian Army Said to be Stronger Than Ever, Thanks to Soviet', *New York Times*, 21 March 1983, p A4; and 'Soviets Reportedly Replace Syria's Summer Weapons Losses', *New York Times*, 3 December 1982, p A1.

forces manning SAMs in Syria (also, those earlier in Egypt) derive their importance not just from their relative (to hosts) technical competence, but also because of their obvious intended roles as tripwires, an element of coercive diplomacy which may impose certain boundaries on the scope of fighting.

The startling development of satellite reconnaissance in the last twenty years, meanwhile, has added a crucial new dimension to great power roles in Third World conflicts. The USSR and US apparently aided both the Arabs and Israel in this way in 1973; Israel's lunge across Suez towards the end of the war was claimed to have been made possible by the discovery of a gap in the Egyptian Suez defences by a US satellite.<sup>50</sup> During the Falklands/Malvinas war, there were claims both of US and Soviet satellite reconnaissance aid to both the UK and Argentina; neither were publicly substantiated.<sup>51</sup>

More broadly, one may cite the efforts at coercive diplomacy by major powers as an important element in the outcomes of some wars. Soviet threats, of course, prevented what otherwise would have been a more decisive Israeli victory in 1973; US threats, though of a milder character, served to abort Israel's military success in 1982. US threats in connection with the 'Carter Doctrine' as applied to the Persian Gulf may perhaps have constrained Iran, at least until recently, from interdicting oil commerce from the Persian Gulf—those threats have even extended to potential Iranian retaliation of Exocet missile attacks on its own oil installations and tankers. Soviet threats, of course, held the ring for Vietnam in its war with China, even as the latter tried to pressure Vietnam to relent in its military activities within Cambodia.

### War Termination vs Protracted, Interminable Conflicts

As previously noted, the bulk of the recent major conflicts within the Third World do not appear to have been concluded with any finality, either by a formal (meaningful) peace treaty and/or the creation of what would result in a permanent peace (amounting to, in Karl Deutsch's

<sup>50</sup> This is hinted at by way of accusation in Mohammed Heikal, *The Road to Ramadan*, London: Collins, 1975, p 251 and on p 229, where there is a related reference to 'American reconnaissance planes based in Greece'.

<sup>51</sup> See Jack Anderson's column, 16 January 1984, p A4 in *Centre Daily Times*: 'At the time of the Falklands invasion, the Soviets were so eager to win Argentina's friendship that they sent two spy satellites up and relayed information to the right-wing military government in Buenos Aires. Intelligence sources say the Soviets continued to provide updates on British activities in the Falklands to Argentina at least as late as last summer'. Regarding US help to the UK, see 'Argentina Holding US Responsible for Upsets', *New York Times*, 30 May 1982, p 16.

terminology, a 'security community');<sup>52</sup> or by the 'final' vanquishing of one of the combatants.

Just as declarations of war have become rare in recent decades—signalling the vitiation of some older norms of international law—perhaps, too, formal peace treaties are now rarely entered into.<sup>53</sup> Possibly, our assumptions about the 'normality' of clearly demarcated beginnings and endings of war are derived from further assumptions about the 'normality' of the European classical system of diplomacy, an inclination deemed by some to be both common and perhaps confusing in the earlier writings on international relations. The primordial hatreds and associated absence of converged-upon norms of behaviour seen in wars between ethnic, racial, religious and ideological antagonists may simply not allow for conclusions based on handshakes and/or signed documents. And, in an era of total war and total diplomacy, protracted or sporadic serial wars are perhaps to be expected. Somewhat paradoxically, it might be claimed that evolving norms of international organisation which militate against warfare, plus the tendency of the superpowers to intervene in order to foreshorten Third World conflicts may have rendered decisive, overwhelming military victories a rarer phenomenon. Not only the Arabs, but also Pakistan, Vietnam, and Somalia have been spared, as a result of external pressures, what otherwise could have been more devastating defeats.

However, losers don't forget. Their defeats leave them stewing in humiliation and craving for vengeance, and they await the opportunity for a new round. Hence, so many of the recent conflicts appear to have taken on the character of mere episodes which end with the general expectation that conflict will one day be resumed (note the recent flare-ups between China and Vietnam, Ethiopia and Somalia).

To the extent that these characterisations of contemporary conflict diplomacy are correct, there may be profound effects upon the future planning and conduct of wars.

'Underdog' nations—Egypt in 1973, perhaps Iraq in 1980—may initiate wars with limited aims, reckoning that if things go awry (as they more or less expect), that they will be rescued by outside forces rushing to hold the ring. Israel, using preemption in order to avoid attrition war but wary of the impact of preemption on US opinion prone to concern

<sup>52</sup> Karl Deutsch, *Political Community and the North Atlantic Area*, Princeton: Princeton University Press, 1957, Ch II.

<sup>53</sup> This is discussed in Brian Jenkins, 'New Modes of Conflict', Santa Monica, California: 1983, RAND/R-3009-DNA, who ventures projections about the future of armed conflict.

about who 'starts' wars, may thus feel safe in preempting only in every other war, or perhaps in two out of three.

The above discussion applies primarily, of course, to conventional wars. Unconventional ones, while often protracted, do tend paradoxically to have definitive endings, as the *dénouements* in Vietnam and Nicaragua demonstrate.

### Media, News Management, Public Opinion

Some events surrounding the Falklands/Malvinas and Lebanon wars in particular, but also Grenada, and with Vietnam as obvious background, have spotlighted the potentially important role played by the media and/or by governmental news management in determining the outcomes of wars.

As has been discussed in numerous other places, there was the accusation by supporters of the US involvement in Vietnam that the media—print and video—had sorely damaged the war effort, particularly with regard to the interpretation of the outcome of the 1968 Tet offensive.<sup>54</sup> There were charges of ideologically-inspired, deliberate slanting of news. It was also claimed that public support had been undercut by the very nature of contemporary war reporting, which daily brought vivid bloody war scenes into American living-rooms. In 1982, pro-Israel supporters were to make similar charges, i.e., that American and European reporting of the war—deliberately or not—had vastly exaggerated civilian casualties and refugee statistics along the Israeli invasion route toward Beirut, hence greatly affecting Western public opinion and prompting US pressures to abort Israel's opportunity to destroy the surrounded PLO in Beirut.<sup>55</sup> The media's role in Central America has also hotly been disputed.

Britain's successful control of the media in connection with the Falklands/Malvinas invasion—made easier by the obvious fact of geographical inaccessibility—was widely heralded by contrast with Vietnam and Lebanon as a 'how to do it' model.<sup>56</sup> Hence, US control over the media during the Grenada invasion was not unexpected, was widely considered as one aspect of the operation's success, and

<sup>54</sup> See, among others, Peter Braestrup, *Big Story: how the American press and television reported and interpreted the crisis of Tet 1968 in Vietnam and Washington*, Boulder, Colorado: Westview, 1977; and Michael Mandelbaum, 'Vietnam: the television war', *Parameters* 13(1) 89–97.

<sup>55</sup> See, for example, Edward Alexander, *NBC's War in Lebanon: the distorting mirror*, New York: Americans for a Safe Israel, 1983.

<sup>56</sup> See J. A. Boam, *op cit*

applauded as such by US public opinion, and was also doubly ironic in view of the Pentagon's obvious anti-Israeli tilt in the summer of 1982.

In some of the other recent Third World wars, the role of the media has been less clear, and for the most part, seemingly less important. But that too may be arguable, if only in a reversed form. There has been extensive criticism in the US of the failure by the American press to give full, sustained coverage of the war in Afghanistan, that failure further being assumed to have acted in the Soviet Union's favour. Meanwhile, both Iran and Iraq have exerted fairly strict controls over war coverage, so that a reader attempting to follow the war in the Western press is often forced to interpolate between the rivals' own war bulletins, usually greatly at variance. The Western Sahara war's coverage has likewise been sporadic and uninformed and the clash between China and Vietnam had also to be interpreted through sifting of grandiose rival propaganda claims.

The media's impact has also, of course, been important in affecting public opinion in the combatant nations themselves. The development of some anti-war sentiment in Israel in 1982 is one example, though it is not entirely attributable to the coverage of the media. The post-war disillusionment with the reporting in Buenos Aires during the 1982 war was another, one with important subsequent political ramifications. Just how these matters have worked out in Morocco, the Soviet Union (regarding Afghanistan), Iraq, Iran, Ethiopia and Somalia is an important topic deserving of more extensive treatment.

### **The Comparative Economics of Third World Wars**

In part because of the absence of even remotely reliable data, there has been almost nothing in the way of comparative analysis of the economics of war in the Third World. Yet the subject deserves some attention because it is relevant to analyses of winning and losing, to the diplomacy surrounding conflicts, to war initiation and termination, and to the linkages with domestic policies and supports.

The Iraq-Iran war in particular has brought such comparative economics into focus. That lengthy and yet inconclusive struggle has clearly strained economies on both sides, both of which at the war's outset were considered oil-rich states surfeited with wealth. Both sides have, of course, exerted themselves politically and militarily to cut off oil exports from the other—Iraq by bombing Iranian oil facilities, Iran by persuading its ally in Syria to shut off Iraqi oil exports conveyed by pipeline. Iraq appears to have been more greatly disadvantaged, and

the result has been the request for massive infusions of aid from Saudi Arabia, Kuwait, and other Gulf states. The Saudi role as war financier, incidentally, has also been seen in connection with Egypt and Syria (the former cut off after Camp David), Morocco, and Somalia.<sup>57</sup>

Israel's always taut economic condition (and its crucial dependence on US aid) has, of course, been one major reason for its traditional preemptive/short war strategy. Its eschewing of preemption in 1973, whether or not because of US pressure, led to a 22-day war which may have cost Israel the equivalent of nearly one year's GNP. Nowadays, the cost of the Lebanon occupation and the projected costs of another war with Syria constitute strong constraints on Israeli actions—the asymmetry relative to Syria with its Saudi backing is an important factor in Middle Eastern politics.

The post-Falklands/Malvinas debates over the economics of British naval losses (indeed, of the entire operation), the economic devastation of Argentina (hyperinflation and foreign debts) in the wake of that war, the drain on the Soviet economy by its occupation of Afghanistan, the major role of Soviet military and economic aid in Ethiopia's pursuit of victory in 1978, and the role of war-induced debt to the USSR in impelling Egypt's diplomatic *volte-face* after 1973 are all further examples, howsoever difficult to measure, of the importance of economics to the conduct of these wars.<sup>58</sup>

### **Summary: interrelationships among comparative dimensions**

The main body of this article has discussed the various comparative dimensions of contemporary warfare in the Third World as discrete topics. It is a checklist of various angles of vision and levels of analysis, the subjects presented in no particular order nor either in a hierarchy of relative importance.

However, the merely seriatim presentation of these dimensions may obscure some very important interrelationships between them, involving a complex web of reciprocal causation and/or correlation. In great measure, the other dimensions act as independent variables in relation to what might be considered a core variable, i.e., the domain of strategies, tactics and weapons. But, as an example of two-way causation, one might point to the possibility that the now almost

<sup>57</sup> See Adced Dawisha, *Saudi Arabia's Search for Security*, London: IISS, 1980, Adelphi Paper No 158, especially pp 17–31.

<sup>58</sup> Some insights into the comparative economics of recent wars may be gleaned from the various contributions to: 'Special issue: The Economic Foundations of War', *International Studies Quarterly* 27(4) December 1983.

traditional role of the media may, in some cases, dictate preemptive short-war strategies (on that point the Israeli and American military staffs might agree). Otherwise, the relationships of this sort are legion.

Cultural perspectives on warfare feed into those on war termination (who is more or less likely to surrender or sue for peace?). Geographical factors often determine the duration of wars (stalemates vs. quick wars of annihilation); hence, too, their economics, if the variable of 'intensity' is held constant. Economics in turn may dictate strategies and tactics, i.e., may dictate preemptive gambits (for the economically weak) or attrition strategies (for the economically strong). Economics may also determine arms resupply, particularly if outright aid from suppliers or friends is unavailable.

Some of these relationships may be unclear and debatable: has the mountainous geography of Afghanistan been a historical determinant of culture, including cultural perspectives on war? And, some may be reciprocally causal; do certain strategies and tactics such as attrition warfare cause morale problems, or do the latter dictate certain kinds of tactics? These are large and complex problems, with no easy or ready answers.



# Disarmament, Peace Movements and the Third World

## **The Peace Movement in the West and the Birth of a Process<sup>1</sup>**

The sudden and sustained rise of a potent and articulate peace movement in Western Europe and the United States galvanised by the issue of nuclear disarmament in general and the problem of intermediate nuclear forces (INF) in particular continues to be of great interest and import. Four years of hard work have brought a handful of subtle but discernible triumphs for some of the component parts of the peace movement. A number of disarmament groups have made definitive inroads into the formal political process. The 'peace' issue has become a significant policy consideration for national governments and opposition parties throughout the West and may yet come to decide the outcome of national elections in Western Europe.

The arrival in Western Europe of Cruise and Pershing II missiles has had an inevitable effect upon the credibility and morale of the disarmament groups. The ensuing collapse of East-West arms control talks will also have its effect. One scenario, and a 'worse case' analysis, is that the issue and the groups will become more marginalised, a development that many governments would view with relief, if not positively encourage. Such a development would also lead to a loss of the politically valuable middle ground involving, perhaps, a degree of rethinking on the part of the churches and some of the less radical political parties. In the United States this scenario could well unfold if Ronald Reagan is re-elected and particularly if his policy toward arms control becomes even less accommodating. In addition, a marginalisation of the disarmament issue would reduce the level of public debate leading to a return to the closet, a general retrenchment on the part of the 'defence community' which has comprised an interesting if not entirely sympathetic group of opinion-makers in recent months.

Obversely, the lack of definitive progress in terms of effecting a reorientation of national or bloc policies on defence and the loss of an extremely important, symbolic landmark that the arrival of Cruise and

<sup>1</sup> In the following article a disarmament group will be understood to be a component part of a peace movement which, in turn comprises a wide range of groups including, for example, those involved in ecology, nuclear energy, human and civil rights.

Pershing II represented may turn out to be less significant in the long term. Without question the past four years have constituted a remarkable learning process. Public consciousness has risen significantly, due largely to media interest. Specialised commentators have been pulled down from their ivory towers and away from their erstwhile anonymous research institutes (making some extremely revealing noises of little or no confidence in elements of NATO defence policy en route) and the complex and esoteric language of defence, disarmament and strategy has become common parlance. The particular campaign issues, Trident, Cruise and Pershing II will certainly lose much of their symbolism and potency, witness the rise and fall of the neutron bomb as an issue over the past two years. But, the genuine concern and fear over the very existence of nuclear weapons that has developed into a more cogent argument in favour of nuclear disarmament, coupled with a widespread mistrust in not only the policies but also the institutions that define and uphold policy, will remain.

The assimilation of the nuclear weapons debate into the political process, both formal and informal, is the key element of consolation to be gleaned from an otherwise depressing era. Over the past two years the West may have witnessed the development of a disarmament *process* which will continue to question the legitimacy of the armament process and the institutions which sustain the arms race. The December 1979 decision by Nato on the modernisation of theatre nuclear weapons and the cavalier confidence and sense of inevitability that pervaded the decision are unlikely to be repeated, in form at least. The Reagan Administration's decision in 1982 to invest \$65 million in a European-based propaganda campaign in part to emasculate the peace movement in the period leading up to deployment is an excellent example of how seriously the White House considered the threat to American credibility in Europe.<sup>2</sup> It was also something of a tribute to the effectiveness of the peace movement in Western Europe.

### **The Disarmament Debate and the South**

When placed in a more global and less parochial context, the overall success of the nuclear disarmament groups in the West may be a case of mixed blessings. The nuclear arms race will continue to dominate centre-stage in the foreseeable future, particularly if NATO strategy remains fundamentally unchanged, inter-bloc rivalries continue to

<sup>2</sup> *Washington Post*, 20 January 1983.

simmer and Soviet-American relations proceed in their current, dismal state. But the course of disarmament will not be helped if the nuclear disarmament groups in the West let slip the overall vision and perspective that includes and assimilates the problems of armament and militarisation in the South. There are faint signs of a revival of interest in the arms trade and disarmament and development. Obversely, however, there also exists a trend within both peace research and campaign work which implies that the East-West nuclear arms race is not just the major problem but the only problem to be confronted.

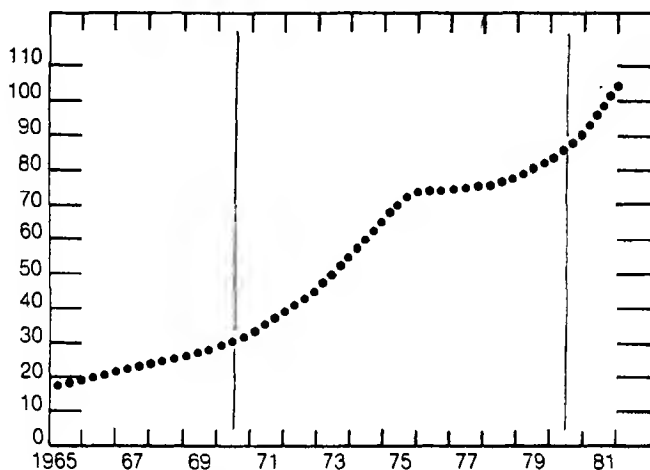
In certain quarters high intellectual standards have been set by the nuclear disarmers in an attempt to understand both the nature and the dynamics of the problem they are confronting. On a more general level, however, disarmament groups are in danger of losing sight of the fact that although the *causes* of the arms race are to be found in the North, the *effects* are manifested in the Third World. Indicative of this is the relative decline in interest displayed by disarmament groups in the West towards issues relating to armament and militarisation in the Third World since disarmament groups became prominent some four years ago.

So too is this in marked contrast to the discernible trends. In 1973 military expenditure in the Third World stood at \$44,225 million. By 1978 it had risen to \$72,953 million and by 1982 it had reached \$103,713 million (see Figure I). The trend in the arms trade from North to South, the scale of modernisation programmes embarked upon by some countries, notably Saudi Arabia, India and Pakistan, and the persistence of violence and conflict throughout the Third World will ensure that the growth in military expenditure by the Third World countries will be sustained throughout the 1980s and possibly beyond.

No assessment of the militarisation of the Third World can stop at arms transfers or military expenditure. Quite apart from the fact that available data in this area are habitually cautious, ignoring uncharted areas of procurement and expenditure such as the trade in non-major weapons systems or expenditure on or for the military taken from non-military budget heads, there are other less quantifiable areas to consider.<sup>3</sup>

The issues relating to armament, disarmament and the Third World are inadequately understood. Essentially, the problem stems from an

<sup>3</sup> Aspects of this inadequately understood area are discussed in, M T Klare and C Arnsperg, *Supplying Repression: US support for authoritarian regimes abroad*, Washington DC: Institute for Policy Studies, 1981.

**Third World military expenditure,  
1965-82 (US\$ billions)**

Source SIPRI Yearbooks 1980-1983

insufficient appreciation of the responsibility of the North for the shambolic state of affairs in the Third World. The Cold War and the overspill of the East-West conflict into the Third World has conditioned the political and strategic environment in which the poorer nations of the world are expected to survive and develop. Whilst the process of militarisation in the Third World does contain its own domestic momentum, the external environment allows little or no scope for external or multilateral initiatives.

The most obvious ramification of the process of militarisation is the growth in military expenditure and the increase in the transfer of arms from North to South. But the problems begin rather than end at that point. Patron-client relationships employing the currency of advanced military technology imply considerable leverage for the patron and dependency for the client. Developing countries in this situation become exposed to the Cold War and, in addition, they also become assimilated into a hierarchically organised system of nation-states whose criteria of success may be antithetical to the attainment of

development. Is this, perhaps, a salient reason why revolutionary regimes revert to standard and conservative defence policies after acquiring a monopoly of force? So too may this provide one of the many reasons why the urge for nuclear weapons continues unabated in a number of Third World countries.

Of equal concern is the damage, both structural and evident, suffered by the economy of a developing country committed to maintaining or increasing certain standards in relation to defence. Military expenditure is maintained at an enormous opportunity cost to both development and, increasingly, survival. Armaments invariably have to be paid for in foreign exchange. Inflation in the West in general and in the defence industries in particular combines with declining terms of trade to make the process of procurement increasingly expensive. As the military demands increase the government must expropriate more from fledgling industries and rural sectors. Often, the benefits to national security are unclear or non-existent and, in addition, the means employed to maintain the ability to purchase in a market situation create a secondary demand for armaments to facilitate repression and extraction. Therein lies the link between the arms trade and human rights—with the exception of Argentina, the overall situation is not improving.

Some of the stronger developing countries have attempted to build an indigenous armament production base to move away from dependency and reduce foreign-exchange costs. But none to date have defined their needs in relation to what an indigenous capability can be expected to deliver. The result is a continuing demand for state-of-the-art military technology, a failure to match the rate of technical change in the North, the growth of a capital intensive industry and an overall polarisation of development or a reversion to dependency in the form of continuing licensed production.

Summarily, the essence of the problem is the two-way linkage between militarisation and poverty, armament and underdevelopment which is increasingly reducing the prospects for development, exacerbating poverty and privation and creating still more fertile ground for violent solutions. Perhaps the means to break the link between armament and underdevelopment do lie within the Third World. But the role of the North, particularly in relation to the inherent crises which bedevil the armament industries of the West, and, in a different way, the Soviet Union is of immense importance. The export of armaments is no longer the murky domain of the 'merchants of death' or a tool of foreign

policy, although both are still relevant.<sup>4</sup> Of far greater significance is the growing importance of arms exports for any national government mandated to retain an industrial base for war preparedness and, at the same time, avoid defence expenditure rising beyond political and fiscal acceptance. Much of the same logic applies to the problem of nuclear proliferation and in broader terms to the use of arms exports underpin the structure of the inequitable relationship between North and South. It is necessary, therefore, to consider both supply and demand factors in the search for a strategy of change and a solution to the condition of militarisation in the Third World.

### Third World Disarmament Groups in the West

The peace movement in the West has largely failed to develop a succinct analysis of the problem of armament/disarmament and the Third World. But in the 1960s and 1970s considerable concern emerged in several forums over the increasing militarisation of the Third World. The necessary catalyst was provided by the re-evaluation of the orthodox development strategies of the 1950s and the emergence of a less sanguine prognosis on the development problem. In particular the notion that military institutions would provide the cutting edge of the ineluctable march towards democracy and development proved utterly fallacious in the face of increasing evidence of militarism, militarisation, repression and authoritarianism.

This development of interest stemmed from three trends. First, during this period, the legitimacy if not the structure of the post-war world crumbled, the peak of dissent being directed against American involvement in Vietnam. A second, related trend was the heady rate of liberalisation and, in some cases, radicalisation of Western universities. In conjunction with a considerable expansion of the social sciences to a greater scope, if not positive encouragement was afforded to the ideas of the New Left which displayed a particular interest in the causes of underdevelopment. Finally, in the Third World itself, the tensions and contradictions created by the untidy conclusion of formal empire and the growth of neo-colonialism unfolded in many areas in the form of violence, repression, authoritarianism, revolution and counterinsurgency. Particularly in the 1970s, interest and informal political

<sup>4</sup> Both the role of the merchants of death and the structural crises of the defence industries in the North have received considerable attention from researchers. For an intriguing view of the former, see Anthony Sampson, *The Arms Bazaar*, London: Corgi Books, 1977. An excellent analysis of the latter is articulated in M Kaldor, *The Baroque Arsenal*, London: André Deutsch, 1981.

activity in this area grew in the West. The growth was made all the more pervasive by the diffusion of communications technology coupled with the extension and sophistication of media coverage on Third World issues. Television was important in this respect, in much the same way as documentary coverage of the Vietnam War in the United States provided a sustained but often tacit critique of the war.

Gradually, on both a specific and a general level, demands for a more egalitarian world percolated successfully into the Western peace movement. But, emerging critique of development did not include or identify the relationship between armament and underdevelopment. A partial explanation for this failure lay with the approach of development specialists who were quick to point to the various problems but slow to accept that an understanding of these problems facilitated a more cogent explanation of development failures, a problem which still prevails. Another problem was the particularly unhelpful way in which the area came to the attention of the research community. The genealogy of the intellectual debate on the arms trade reflects this failure. The debate began as an analysis of the political and economic benefits inherent in the sale or transfer of armaments, but fragmented into an amorphous dialogue and debate that became popularised by the 'disarmament and development' thesis whilst at the same time sitting very much on the periphery of mainstream development research.

For many years, probably too many years, the arms trade as a line of academic enquiry remained within the ambit of international politics and international relations, indeed to a great extent this is still the case in the United States. It would be inaccurate to suggest that students of international politics/relations are unconcerned with intranational issues. Nevertheless, early work on the arms trade reflected an undue emphasis on the flow of arms from North to South, balance-of-payments benefits for the suppliers and geopolitical factors such as regional stability, resource insurance and East-West stability. Concerted attention on the flow of arms from North to South tended to detract from the effects and implications of both the relationship between armament and underdevelopment in the South and the entrenchment of an arms economy in the North.

Yet this is not to imply that data and analysis on the flow of armaments to the Third World are unimportant. It would be facile to ignore the fact that armaments remain an essential currency in international politics—the distribution or withholding of defence equipment is a proven means of international leverage whose importance should not

be underestimated. Furthermore, it was the work of the Stockholm International Peace Research Institute (SIPRI), which began in 1966, that provided not only a regular non-governmental supply of data on arms sales and military expenditure but also an impetus to a large body of research in this area.<sup>5</sup>

The United Nations has had a sustained but double-edged input into the debate. Within this forum interest dates from 1953, earlier if one includes the efforts of the League of Nations to establish an official register on arms sales.<sup>6</sup> Financial resources permitted a programme of support for contract research in this area in the late-1970s when various UN programmes drew upon a relatively non-partisan intellectual community which has consistently produced background papers and consultancy reports of considerable scholarship. But, given the problems currently experienced by some of the UN programmes, the subsidisation of research is unlikely to continue or grow although many countries, particularly from Scandinavia, continue to sponsor internal debate. But the most debilitating problem for the UN is the inherent need for consensus. Finding common ground on such sensitive questions in an internecine system of power politics, regional conflicts, cold war posturing and shifting loyalties is a Sisyphean task. Inevitably, the results are a series of compromises arrived at through an undue reliance upon rhetoric and platitude. As a result the United Nations has failed to make the impact upon the debate that might have been both hoped for and expected.

Also, during the 1970s a generation of researchers from Scandinavia, Britain and West Germany came of age and tackled the problems of militarisation and militarism with demonstrably greater success in which the arms trade was pivotal.<sup>7</sup> Many of the researchers emerged as opinion-makers prepared to make conscious links with the emerging Third World-orientated disarmament groups. Of equal importance, the level of analysis and the key tenets of the debate shifted to encompass a more coherent explanation of the dynamics of militarisation. As defence industries in the West and the arms economy assumed a much greater prominence than hitherto so new campaign targets opened up

<sup>5</sup> It is interesting to note that SIPRI's first publication, *The Arms Trade with the Third World*, Stockholm: Alqvist and Wiksell, 1971, marks the turning point in research on the arms trade. Although this book does owe a large debt to the earlier research tradition it also stakes out other areas that were subsequently developed by researchers, mainly from Western Europe.

<sup>6</sup> United Nations General Assembly Resolution No. 724A (VIII).

<sup>7</sup> See, for example, M Kaldor and A Eide (eds) *World Military Order: the impact of military technology on the Third World*, London: Macmillan, 1979.



and the *raison d'être* of Western activists campaigning on Third World disarmament issues was strengthened.

At one point, between 1978 and 1980, groups such as the Campaign Against the Arms Trade (CAAT) and the Lucas Aerospace Shop Stewards Committee in Britain and National Action/Research on the Military Industrial Complex (NARMIC) and the Ploughshares Press in the United States seemed to be gaining confidence, expertise and an audience. In conjunction with the growing research effort particular issues proved useful in stimulating concern and attention. Former President Carter was all too aware that arms sales and American security were not different sides of the same coin and attempted to bring a seven-point programme of restraint to the level of policy in the early, halcyon days of his term in office. In Britain, a projected sale of anti-personnel carriers to El Salvador in 1978 was cancelled after a public pressure campaign organised by CAAT and strengthened by a personal intervention by the Archbishop of Canterbury. Bilateral superpower talks on conventional arms transfers were started but prematurely abandoned in 1978 when the United States took umbrage over Soviet-Cuban activity in the Horn of Africa. The revolution in Iran was swiftly followed by an across-the-board cancellation of all the Shah's military orders. Many major defence contractors in the United States and the West suddenly found their order books extremely thin and their short-term future uncertain as a result. Above all, it was this situation that prompted policy-makers, industrialists and trade unions to be temporarily more circumspect about the overall value of arms sales in a fragile international system. Unfortunately, as new markets appeared and President Reagan, Prime Minister Thatcher and President Mitterrand became increasingly enthusiastic about arms sales urging competitiveness and increased sales, consideration of the implications for industry faded rapidly.

At the very point when the arms trade and the related issues seemed destined for 'take-off' in the form of public debate in the West, fuelled by example and strengthened by competent research, the debate fell apart as the dissenting eye of the West locked on the nuclear weapons issue, where it has remained ever since. Thereafter, Third World disarmament groups faded from view although their work continued. The spirit of the 'disarmament and development' debate remained but lost the sense of direction that seemed at one stage to be edging towards a more comprehensive view of militarisation.

Consequently, as a result of a number of factors, debate and dialogue

pertaining to armament/disarmament problems and the Third World are now weak almost to the point of being moribund. Periodically there are signs that efforts are still under way in the form of new projects, for example the 'World at War' programme at the Institute for Policy Studies in Washington. Also, campaign groups continue to operate, albeit with a lower profile and a reduced audience. Recently there have been signs that primarily nuclear disarmament groups are turning their attention to Third World related issues but on a scale that is unlikely to give the relevant issues the profile they require. CAAT's frequent comparison of their work to the campaign against slavery now seems particularly relevant.

### **Disarmament and the Third World**

There is a certain well-rehearsed logic in the suggestion that the process of underdevelopment is inextricably linked to the process of militarisation and that *ergo*, the reversal of the arms race, and by implication the reversal of militarisation, will be the harbinger of social, political and economic (re)development. But neither the activist, the intellectual nor the enlightened policy-maker in the Third World has ever totally accepted this argument, except on one level. The oft-quoted direct linkage between the burden of military expenditure and endemic poverty and privation—the opportunity cost argument—is a crude but effective device that does impact with an immediate effect on a widespread level. The observation that the cost of a new nuclear submarine equals the annual education budget of twenty-three developing countries with 160 million school-age children, or that, every minute, thirty children die for want of food and inexpensive vaccine whereas, every minute, military expenditure absorbs \$1.3 million of public expenditure, has a direct and unquestionable appeal.<sup>8</sup> But, beyond this level of analysis, there are a number of strictures that effectively censure a further development of the argument.

First and foremost, the nature of the beast (defence policy and posture and military expenditure) is shrouded in mystery, half-truths and outright misinformation. On occasions the public are denied access to information from official sources that is both freely and widely available in standard Western defence sources, such as the *Jane's* series, many of the technical journals and commercial intelligence reports. Whilst this is not necessarily a problem peculiar to the Third World,

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<sup>8</sup> R L Sivard, *World Social and Military and Social Expenditures 1983*, Washington DC: World Priorities, 1983, p 5.

governments the world over habitually provide the minimum of data and information on defence policy and posture, the record of Third World countries being particularly poor in this respect.<sup>9</sup>

Object secrecy is a salient reason for the lack of informed public debate on defence and, to a lesser extent, foreign policy issues. For the public, information can be gleaned from the media but the quality is poor and a high level of censorship prevails. Politicians are also deprived of access to official sources and few make the effort to become versed in the esoteric language of modern defence, in sharp contrast to other areas, civil rights and economics for example.

Even more problematic is the fact that advanced military technology is inextricably bound up with images of national strength and nation-building. The ability to both manage and display advanced military technology is often used as an indicator to demonstrate that a country has 'arrived' in a world of hierarchically organised nation-states—a multi-option, advanced defence posture is considered a definitive hallmark of modernity and development. Moreover, criticism from a politician may jeopardise support from both above and below and lead to isolation or worse.

An intentional lack of political and public debate on defence throughout the Third World is one element that prevents the development of an informed interest in defence and disarmament issues. But, in the unlikely event of Third World governments throwing open their files to their public, there is no guarantee that pressure for disarmament would appear automatically.

In the burgeoning trade in armaments from North to South, demand from the Third World is constant—whatever comes on the market usually finds a buyer if both price and performance are competitive. A salient reason for this high demand is the legacy of colonialism; formal empire was underpinned by the utilisation of relatively advanced military technology. The growing interest of the major powers in 'out-of-area' roles, the sustained build-up of the Rapid Deployment Force in particular, are candid reminders of the military power of the North and an overall public reacceptance of the intervention option: witness the degree of domestic consensus in the United States following American intervention in Grenada. Nor can the extreme jingoism that spread rapidly through Britain during the Falklands/Malvinas crisis be ignored in this respect. Here, the root problem for Third World

<sup>9</sup> J B Poole and A J F Brown, 'Bibliographical Note: a survey of national defence statements', *Survival* 24 (5) September/October 1982, pp 221–8.

governments is that in every quarter a 'mind-set' prevails that refuses to entertain any alternative to advanced military technology as the answer to national security needs, which gives no option to governments mandated to preserve hard-won independence.

The clandestine struggle for nuclear weapon technology that is proceeding apace in a number of Third World countries also presents problems. The Non-Proliferation Treaty (NPT) has been rejected by a small but extremely important group of states—Algeria, Cuba, Saudi Arabia, Argentina, Brazil, Chile, Israel, India, Pakistan—as an insult to their integrity and independence. A clear *quid pro quo* is laid down in the preamble to the effect that signatories declare 'their intention to achieve at the earliest possible date the cessation of the nuclear arms race and to undertake effective measures in the direction of disarmament'. This is a clear reference to a reduction in the scale of vertical proliferation by those states in possession of nuclear weapons in return for an agreement from the other signatories not to pursue the nuclear option. That East-West arms control talks can proceed apace or collapse without any reference to the NPT has contributed significantly to a negation of the spirit on which the Non-Proliferation Regime (NPR) was built.<sup>10</sup>

An equally serious problem in the NPR stems from the fact that every infringement and erosion of the NPR is met with a collective blast of anger from the international community. One lamentable effect has been to turn the nuclear issue into an extremely emotive question in many Third World countries. Objections stem largely from criticism about the double standards employed by the nuclear possessor states. However, although many commentators in the West agree with the critique of the NPT that has emerged in various quarters of the Third World, India in particular, few would disagree that such critiques are too often employed to justify further the acquisition of nuclear weapons. But, given the inadequacy of the treaty and the nonchalance of the possessor states it is small wonder that the NPR is at low ebb and its critics in a truculent mood.

Consequently, talk of disarmament on behalf of the Third World invariably appears to both specialists and non-specialists in the Third World as a case of David being asked to surrender his sling. In the current climate of international politics, this is a sentiment that can be appreciated. Equally, however, it also provides a rationale for govern-

<sup>10</sup> The NPR also encompasses the Partial Test Ban Treaty.

ments to sustain crippling defence procurement programmes, pushing good money after bad with a total lack of accountability. Combined with the absence of information and debate and with a hostile political environment in all too many instances there are no channels available for criticism, protest or a consideration of alternatives, both political and technological.

### **Disarmament Activity in the Third World**

Although there are obstacles standing in the way of a growth of a disarmament debate in the Third World there are occasional indications that a concern does exist on a popular level. India is one country which possesses a structure with a capacity to entertain a wide-ranging debate on disarmament issues. Although India has never published a White Paper on defence, an Annual Report of the Ministry of Defence is produced and the defence budget comes up for debate in both legislative houses in April each year. But the debate is rarely the intense affair that it could be and the debate in 1983 was no exception. India is currently pursuing an ambitious defence policy designed to consolidate its growing military status in South Asia and the Indian Ocean. As Iran and Iraq become more war-torn and less strong, India is beginning to feel its relative power and the cost of the defence programme, US\$6-7 billion, is high and rising:

Incredible though it may seem but the sad, indeed shameful truth is that there were three long stretches during the three-day discussion on defence—which apart from being a matter of life and death costs the country close to Rs. 6000 crores—when there was not even a quorum in the House. At times the number of those present did not exceed 20.<sup>11</sup>

Yet against the apathy within the legislature may be set the current media debate on defence and foreign policy options. Certain newspapers often carry articles heavily critical of government policy and the Gandhi-ethic still percolates through some Indian thinking on foreign and defence affairs. The government is bound to release valuable documentation on defence issues on a regular basis which include not only budget statements but retrospective hearings pertaining to the performance of the industries and institutions which service the armed forces. Furthermore, it is possible to locate the germination of disarmament groups in India concerned with both the East-West and the North-South perspective. India has its own Campaign for Nuclear

<sup>11</sup> I Maholtra, 'Defence Debate Paradox: confidence and apathy coexist', *Times of India* (Delhi) 7 April 1983.

Disarmament and various peace groups have recently devoted time and energy in an effort to become better acquainted with the disarmament issue. In late 1983, a 'peace ride' was completed between Assam and Delhi, a journey of over 1500 kilometres, with disarmament being the central issue.

In recent months, a movement against American military base rights has developed in the Philippines. Coordinated by the National Democratic Front, the Anti-Bases Coalition has become a vehicle for anti-American sentiment which increased significantly after the assassination of Benigno Aquino. Support stems from the middle class (a significant section of the working class owes its livelihood to the American presence) and the sentiments of the movement have been skilfully orchestrated by Jose Diokno, an opponent of the Marcos regime and a former Senator. An element of legitimacy and credibility beyond the Philippines was acquired through the organisation of an international seminar in late 1983. In this instance there is a greater legacy of colonial involvement than a tradition of disarmament. It also represents a circuitous protest against the incumbent regime. But it is a development that most disarmers would applaud; at the same time, it offers an interesting interface between the wider issue of disarmament and the particular issue of foreign base rights in a crucial strategic area, a problem not unfamiliar to West European disarmers.

A similar expression of protest against the American military presence overseas is present in South Korea. In 1983, the Korean National Council of Churches passed a resolution calling for the removal of all American missiles and landmines to be reciprocated by the Soviet Union, which would remove the SS-20s targetted on South Korea. Church Women United have recently expressed a keen interest in disarmament and the National Youth Alliance for Democratisation, a secular/church, student/youth movement, has articulated the need for permanent peace in the peninsula. On another tack the Korean victims of Nagasaki, who are not permitted access to hospitals in Japan or the specialist facilities for the *Hibakusha* (survivors of the atom bombs), are beginning to combine along these lines.

Another form of disarmament activity to be found in the Third World is in the various outposts of the millenarian peace groups such as *Pax Christi* and Quaker Peace and Service. It is unlikely that these groups will come to represent a potent political force in the search for a new order, but, nevertheless, they have succeeded in keeping broad disarmament issues alive, and in addition, have nurtured 'home-grown'

groups of a similar complexion. Also, the World Peace Council has maintained a presence in several Third World countries for many years.

### **The Peace Movement and the Third World**

In much the same way that the dividing line between 'freedom fighters' and 'terrorists' will always be blurred, it is impossible to standardise the parameters of a peace movement. In the Third World this is particularly problematic; in the struggle for peace, justice and a more egalitarian world order there are two competing models for action—one of the guerrilla and the other of the *satyagrahi*. Both violent and non-violent means have been variously employed in the pursuit of a new order and both have attracted the attention and sympathy of the peace movement in the West that itself owes much to these models, the Gandhian tradition of non-violence in particular.

To suggest that the paucity of disarmament groups in the Third World denotes the non-existence of a peace movement is far from correct. A peace movement does exist in the Third World but it is amorphous, disparate, often anonymous and most certainly marginalised. Furthermore, for reasons already discussed, it has not taken up specific disarmament issues. Where a peace movement can be identified is in the struggle for a series of basic demands arising from the condition of underdevelopment—self-determination, civil and human rights, ecocide, militarism, human and cultural survival. Much of the energy of radicals and activists is channelled into a struggle for basic rights that the peace movement in the West has long since taken for granted. The specific targets often assume a profile that fits uneasily into the accepted notion of a peace movement, essentially characterised by intellectual analysis, pacifism to a degree and vision. The absence of democratic institutions in many Third World countries coupled with the starkness of the issues has alienated many of the catchment areas which provide the bulk of the support for the peace movement in the West. Middle-class professionals and intellectuals, for example, display less inclination to identify with the component parts of the peace movement in the Third World. The authoritarian model has been remarkably successful in achieving a stifling degree of depoliticisation through a form of hegemony that is underpinned by patronage, corruption, socialisation and fear. At present 'peace issues' are the domain of grass-roots movements or the churches and other groups have yet to establish how and why such issues can relate to a political culture dominated by the struggle against neo-colonialism and intervention.

One area where the peace movement in the Third World has made a distinct impression is on the ecology issue, particularly in Asia. The Consumers Association in Malaysia has successfully encouraged activity in the form of localised conservation at the level of primary and secondary education. In other ways the Association is a directly political group and shares many of the sentiments and prognoses of *Lokayan*<sup>12</sup> in India. Interrelated to a range of other issues, of which armament/disarmament is gradually becoming accepted as more relevant, the ecology issue holds a central position in their emerging critique of modern development which encompasses conflicts over natural resources, tribal and cultural genocide, and industrial pollution. The Bulletin of the Asian Regional Exchange of New Alternatives, *Asian Exchange*, published in Hong Kong, is also a part of this genre. In Africa, the Environment Liaison Centre, based in Kenya, is performing a similar though less ambitious role through its publication, *ECOFORUM*. In Brazil, the peace movement has been defined largely by an amalgamation of the environmental group, Friends of the Earth, and the Movement for Reconciliation, a Quaker group.

The amorphous nature of the peace movement in the Third World, the immediacy of the issues and tendency to stress their local/regional relevance make the identification of such a movement extremely difficult. In addition, lateral communication within the Third World is poor; many of the groups are often not fully aware of like-minded groups working outside their particular region. The development of conscious and active single-issue campaigns is much less easy than it has been in the West. But there can be little doubt that the development of an alternative paradigm is gradually under way; it is possible to identify the emergence of a cogent and very radical critique of development and industrialisation in some quarters. How far this vision will be permitted to develop is open to question. In a less hazardous environment, with the survival issue less stark and urgent, a different configuration could and probably would emerge, perhaps more in line with the traditional conception of a peace movement; so too would the disarmament issue come to the fore. Thus, however difficult it may be to perceive a peace movement in the Third World at this point, it cannot be said that an interest in peace issues does not exist. There exists a collection of groups spread over the Third World with a wide range of ends, employing both violent and non-violent means and with few common links. However,

<sup>12</sup> *Lokayan* connotes 'dialogue of the people'.



the development of these groups will not depend solely upon the internal political climate. At some point greater effectiveness will be required and could come through both lateral communication channels and a conscious policy on the part of the peace movement in the West to assimilate this dimension into its overall structure.

### **Militarisation and Disarmament**

Despite the numerous difficulties of 'on-site' disarmament research and activism, it does not follow that the Third World is a cultural or intellectual desert in the field of armament or disarmament. Interest, expertise and considerable vision do exist but are largely confined to individual academics working in the universities or small-scale activist groups. With regard to specialist knowledge on defence issues, there is no SIPRI equivalent in the Third World; the research culture is significantly different and firmly rooted in the university tradition. Where applied research is being undertaken, it is in government sponsored institutes with all the attendant problems, both real and perceived.<sup>13</sup> Independent, applied research will likely continue to be stunted by a paucity of data and suppression of information. In the absence of a particular effort in this direction, the West will remain the central focus for information, if not for knowledge. The importance of this type of research cannot be underestimated; it remains an essential component regarding the interpretation and understanding of data and information without which the level of debate and dialogue cannot be adequately increased.

Blending together the various strands of the work on disarmament in both South and North, there are many glaring fractures and few strong links. A small group of intellectuals, both North and South, who might also be considered the opinion makers within the peace movement have forged links with interesting results.<sup>14</sup> Conversely, disarmament groups in the West have established few connections with related groups in the South, though potential linkage points are by no means obvious. So too has there been little effort to encourage regional perspectives from the Third World on armament and disarmament issues.

The degree of discontinuity is in itself extremely interesting; it begi

<sup>13</sup> The Institute for Strategic Studies in Islamabad and the Institute for Defence Studies and Analysis in Delhi are examples of such organisations

<sup>14</sup> Third World intellectuals had a significant input into the World Order Models Project (WOMP) Preferred Worlds for 1990s, which was undertaken in the 1970s. The United Nations University Sub-Programme, 'Peace and Global Transformation', is primarily a Third World programme although its outreach is global

important questions about the ends and means of Western disarmament groups situated within the framework of a peace movement. The development of single-issue campaign groups in the West has been a conscious political choice. The alternative is considered to be a drift into an amorphous movement seeking peace and social change. Without doubt, this would be a grave tactical mistake. This approach makes considerable sense but it also raises the question of how the concept of disarmament may be shifting when seen through the prism of Western disarmament groups.

The causes of the arms race and the dynamics of the armament process are still the subject of considerable debate and disagreement. Slowly, however, it is becoming evident that the central problems are themselves an expression of a wider crisis in both politics and technology. *Ergo*, disarmament connotes a great deal more than the removal of a certain type or generation of weapon system, nuclear or otherwise, coupled with a series of adjustments to defence policy and the military balance. Disarmament groups in the West, with the possible exception of the Greens, appear to be losing sight of the implications of the principles they value. Disarmament, as opposed to arms control, cannot be perceived in isolation. When taken to its logical conclusion, disarmament is the cutting edge of a process which implies a more significant element of change than much of the popular support has realised or may even be prepared to accept.

The pitch of the debate in the West, as it exists at the moment, has clouded this perspective. But the gradual drift towards an ethnocentric view of disarmament has been both recognised and criticised in at least one quarter of the Third World, India:

The question however remains as to how many groups within the anti-nuclear protest movement would really go so far as to make a peace movement beyond the immediate concerns of Europe . . . it is also necessary to ask the question as to how far the peace movement as a whole would be prepared to link itself with larger issues of peace and development . . . The arming of authoritarian and dictatorial governments by the American and Western governments is as much a threat to world peace as the deployment of American missiles in Europe.<sup>15</sup>

Therein lies a problem of considerable magnitude for Western disarmament groups. It is also an insight of relevance to disarmament as it relates to the Third World. A more cogent appreciation of the process of militarisation would, *ipso facto*, draw the causes of the Third World into

<sup>15</sup> Kapi, 'Anti-Nuclear Demonstrations of Peace Movement?', *Economic and Political Weekly* 19 (5) 4 February 1984, pp 198-9.

the equation without necessarily negating specific campaigns with an East-West bias. Although it would be unrealistic to expect interest in disarmament in the Third World to develop as it has done in the West, it need not be the case that the issues or the emerging interest groups in the Third World remain either ignored or unnurtured.

## The Kurds in Post-revolutionary Iran and Iraq

### Who are the Kurds?

The Kurdish question has been one of the oldest festering problems in the Middle East subregion. The Kurds, a Muslim ethnic group numbering some 18 million people, inhabit several Middle Eastern countries, as well as some Soviet republics. The bulk of the Kurds, however, reside in Turkey, Iran, and Iraq. Although there are no reliable estimates of the size of the Kurdish population, there are probably 8 million Kurds in Turkey, where they are officially referred to as the 'mountain Turks', 5 million in Iran, and 3 million in Iraq.

The origin of the Kurds has also created controversy among scholars. Many, including the Kurds themselves, trace their origin to the Medes, a tribal group which moved into the Iranian plateau from Central Asia at the end of the second millennium and ruled over the area from 614 BC to 550 BC. However, there has never been an independent country of Kurdistan (the land of the Kurds), nor has there ever been a self-governing political entity exercising exclusive jurisdiction over all the Kurds.

From the time of the Arab conquest in the mid-seventh century, the name 'Kurd' has been applied to the western Iranians and other socioculturally related peoples 'established astride the mountain systems of the Zagros and the eastern extension of Taurus'.<sup>1</sup> The Kurds, as a group, played an important role in the history of Western Asia until 1258, when the Arab caliphate of Baghdad was destroyed by the Mongol invasion. Individual leaders of Kurdish origin also became prominent leaders in the Islamic world. One such leader was Salah-ed-din (Saladin) Ayubbi, who was born a Kurd in 1137 at Tikrit on the Tigris. Saladin, however, fought as a Muslim, and not as a Kurd, against the Crusaders and Richard the Lionhearted, and eventually reclaimed Jerusalem for the Muslims. It is important to note that Saladin never emphasised his Kurdish extraction, nor did he rule or control the major part of the Kurdish-inhabited lands.

<sup>1</sup> C J Edmonds, 'Kurdish Nationalism', *Journal of Contemporary History* 6(1) 1971, p 8.

### **Kurdish Ethnic Identity**

The Kurds have long contended that as a distinct ethnic group and as a nation, they are entitled to the universally recognized right of self-determination. The Kurds, like many other ethnic groups, have adhered to a set of shared principles which have shaped the course of their ethnic awareness. Scholars of ethnicity have differed on what differentiates an ethnic group from the dominant group(s) in the larger society. Nevertheless, most students of ethnicity have attributed the development of ethnonationalism to the existence, actual or perceived, of a common language, race, religion and historical experience. The development of ethnic consciousness would give an ethnic group (or nation) a sense of distinctiveness from that of the larger nation within which it lives.

In most multiethnic Third World societies, ethnonationalism has been suspect in the eyes of the dominant elite. They view this phenomenon as a hindrance to unity and the process of nation-building. Although not totally rejecting the appeal of ethnic identity, the Third World has remained suspicious of the disintegrative potential of ethnonationalism in societies too fragile to withstand the barrage of demands from their ethnic groups with often contradictory or opposing objectives. Consequently, multiethnic Third World nations have endeavoured to ameliorate ethnic consciousness among their ethnic groups by accentuating their commonalities with the dominant subgroup(s) and integrating them into the larger society. Such integration has been undertaken largely through the processes of acculturation, amalgamation, and identification.

Acculturation refers to a process by which an ethnic group gradually absorbs the cultural ethos of the dominant societal group. The Kurdish acculturation in Iran and Iraq has taken several forms. In pre-revolutionary Iran, the principal vehicle of acculturation was the institution of monarchy. Glorification of the ancient Persian empires and the contributions of the Kurds to achievements made by those empires in various fields was to serve as a reminder of Kurdish affinity and unity with the dominant group in Iranian society—the Persians.

Following the overthrow of the Iranian monarchy in 1979 and the establishment of the Islamic Republic, the concept of Islamic unity was to serve as the channel of acculturation. For the Iranian leader, Ayatollah Khomeini, ethnonationalism and conflicts arising out of ethnic distinctiveness are secondary issues which will wither away after the greater goal of Muslim unity is achieved. In other words, unity of the

Islamic community will, in time, overcome ethnic conflict. In Iran, neither monarchical institutions nor the illusive concept of Islamic unity succeeded in overcoming Kurdish ethnonationalism.

Unlike Iranian Kurds, the Kurds in Iraq have been able to gain recognition of their ethnic separateness from the Arab majority. However, successive Iraqi governments, through glorification of Arabism and Arab nationalism as interpreted by the ruling Ba'ath Party, have sought, albeit unsuccessfully, to acculturate their Kurdish population by suppressing Kurdish cultural, educational and political institutions. As we shall discuss later, none of the attempts made to date have dampened the Kurdish desire to maintain its sociocultural identity in the country.

The second vehicle of ethnic integration is amalgamation. Amalgamation occurs mostly through the process of miscegenation among two or more ethnic groups in society. Since intermarrying rarely occurs between a Kurd and a non-Kurd, the Kurds are a long way from assimilation into the dominant groups in Iran and Iraq.

The third assimilative variable is identification, either on individual or group levels, of ethnic elements with a larger and more pluralistic society. In both Iran and Iraq, Kurdish identification has been minimal and generally limited to individual levels of assimilation. That is, while some prominent Kurds have attained high-level positions in the Iranian and Iraqi governments and have been coopted into the dominant groups of their respective countries, the Kurdish nation has been left outside the societal mainstream and has remained marginal to it.

In short, the assimilative variables of acculturation, amalgamation and identification have been outweighed by the potentially disintegrative factors of cultural distinctiveness exhibited by the Kurds. Among the principal factors contributing to Kurdish ethnic nationalism, as alluded to earlier, are a shared language, religion, race and territoriality.

The degree of shared experiences in language and religion has long been recognised as a major contributor to the development of ethnic consciousness. The Kurdish language is composed of three major dialects and a number of sub-dialects. The three major dialects of Kermanji, Kurdi and Zaza are, to some extent, mutually exclusive, and in the case of Zaza, not intelligible to the speakers of the other two dialects. Despite this apparent lack of homogeneity, the perception of a common language as an integral part of the Kurdish nation is very strong among Kurdish nationalists.

With respect to the existence of a common religion, the Kurds are

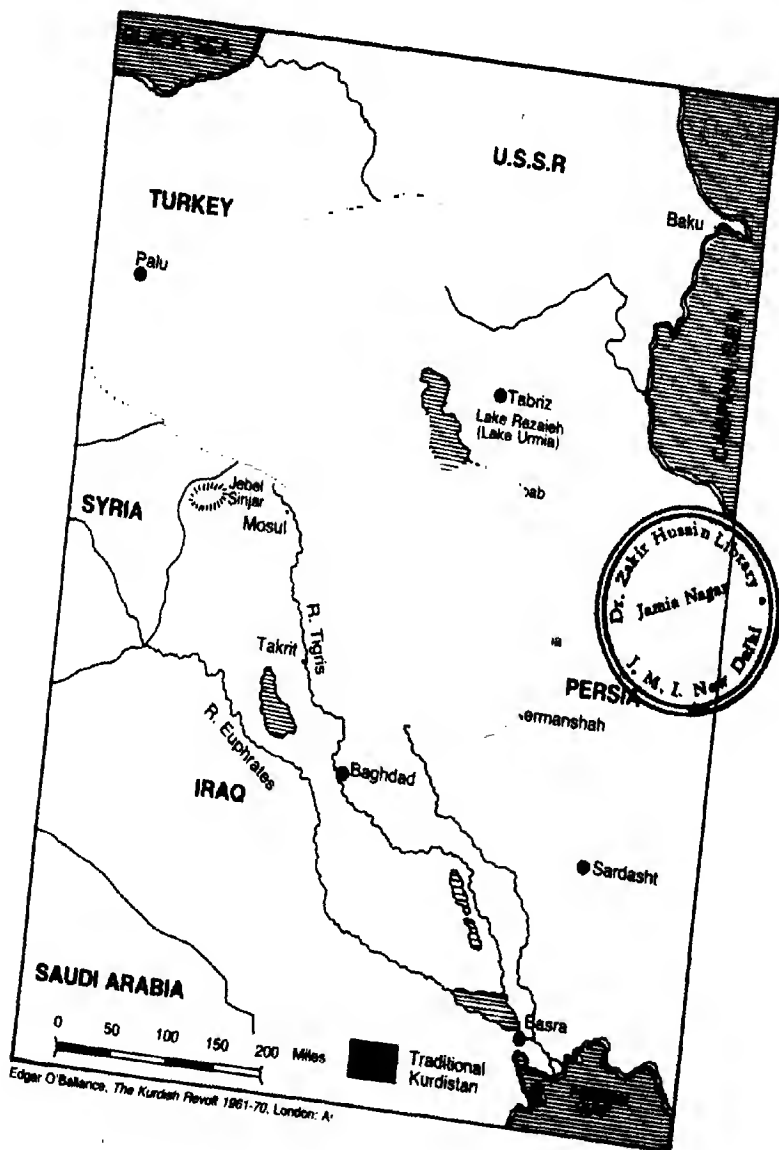
overwhelmingly Sunni (orthodox) Muslims. In the Kermanshah (Bakhtaran) region of Iran, most Kurds, like their Persian counterparts, are adherents of the minority Shi'a sect of Islam. The Sunni-Shi'a schism, which from time to time has erupted into Muslim communal conflicts elsewhere, has been remarkably absent among the Kurds. If there have been conflicts between Kurdish Sunni and Shi'a leaders, they have generally occurred not over religious and doctrinal disputes, but over political matters affecting the Kurdish nation. Prominent Kurdish religious leaders have traditionally been able to use their prestige and social status to transcend religious sectarianism and act on behalf of the Kurdish nation as a unified whole.

Radically, the Kurds have retained their distinctiveness more than most other Muslim ethnic groups in the Middle East. Because the phenomenon of miscegenation has not significantly affected the Kurdish population, they have tended to pride themselves on belonging to a pure racial stock and, hence, being distinct from other ethnic groups in the region. As Aryans, however, the Kurds share similar traits with the Persians, but are certainly distinct from the semitic Arabs and the Turks. The importance of race, however, should not be overemphasised in the development of Kurdish ethnic consciousness, but we should recognise that it has given an added dimension to the Kurdish claim of ethnic distinctiveness.

Finally, the notion of territoriality and its role in enhancing Kurdish ethnic consciousness should be mentioned at this juncture. Territoriality refers to the geographic concentration of an ethnic community and the concomitant sense of belonging to a relatively well-defined territory. The overwhelming majority of the Kurds have always resided in the territory of Kurdistan encompassing areas in Iran, Iraq, Turkey and Syria (see the map). This fact of continuous habitation in Kurdistan, albeit without recognised boundaries, has provided the Kurds with an emotive force to demand autonomy and/or independence for their homeland.

Modern Kurdish nationalist movements, which started in the late nineteenth century, were not successful in achieving the goal of statehood for the Kurds (the following chart illustrates the highlight of major Kurdish nationalistic events). However, in the first half of the twentieth century, two watershed events augured the dawn of a new era for the Kurds. The first event occurred after the conclusion of World War I and the defeat of the Ottoman Empire which had controlled Kurdish areas in modern-day Turkey and Iraq. Among the treaties

# THE KURDS IN POST-REVOLUTIONARY IRAN AND IRAQ



Edgar O'Ballance, *The Kurdish Revolt 1961-70*, London: A.



# **PROBLEMAS DEL DESARROLLO**

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**PROBLEMAS DEL DESARROLLO,**  
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**Historical Roots of Modern Kurdish Nationalism, 1880-1946**

- 1880 Revolt of Sheikh Ubaydollah of the Hakari province of the Ottoman Empire. This was the first major Kurdish uprising with nationalistic, as opposed to feudalistic and tribal, overtones.
- 1897 Founding of the first Kurdish newspaper, *Kurdistan*, by the prominent Badr Khan family. It served as a conduit for the dissemination of Kurdish culture and nationalistic activities.
- 1919 Sheikh Mahmud of Suleymanieh declared his independence from British control, resulting in British military attacks on his stronghold and Sheikh Mahmud's eventual defeat.
- 1919-22 Ismail Agha Simitqo (or Simko) managed to create a semi-autonomous Kurdish entity along the northwest frontier areas of Iran and Turkey.
- 1920 Treaty of Sèvres was signed by the representatives of the victorious Allied Powers and the defeated Ottoman sultan. It called for the establishment of an independent Kurdistan in Kurdish-inhabited regions previously under the sovereignty of the Ottoman Empire.
- 1923 Sheikh Ahmad, and his younger brother, Mullah Mustafa, of the Barzan tribe initiated their long campaign for Kurdish autonomy.
- 1942 Komala, the first Kurdish nationalist political party, was created by a group of Kurdish activists in Mahabad, Iran.
- 1945 The Kurdish Democratic Party is founded, incorporating all Kurdish nationalist movements (including Komala) under its umbrella.
- 1945 The Kurdish Republic of Mahabad, with its own president, cabinet and legislature is established. The Mahabad Republic was the first and the only independent Kurdish state in history.
- 1946 The Imperial Iranian army retakes Mahabad and abolishes the Mahabad Republic. Many of its leaders, including President Qazi Mohammad, were subsequently executed.
- 1946 The Iraqi Kurdish Democratic Party is founded by a group of Iraqi Kurdish intellectuals. Mullah Mustafa Barzani accepts the leadership of the party.

signed between the victorious Allied powers and the defeated Ottoman Sultan, the Treaty of Sèvres buoyed the hope of Kurdish nationalists as it called, *inter alia*, for the establishment of an independent Kurdish state. However, due to the emergence of Mustafa Kamal as an important stabilising force in Turkey opposing further dismemberment of his country, and because of the rise of British economic interests in Iraq, the provisions of the Treaty of Sèvres were not fully implemented. After several ill-fated attempts to resolve the Kurdish question, the Council of the League of Nations, in December 1925, voted in favour of maintaining the *status quo* and allowing Turkey and the newly independent Iraq to control their Kurdish areas on the vague condition that minority rights be guaranteed for the Kurds.

The second major event was the establishment in December 1945 of an independent Kurdish state in the city of Mahabad, Iran. The new state, the Kurdish Republic of Mahabad, received material and moral support from the Soviet Union whose forces, occupying northern Iran as part of the Allied occupation forces in the latter stages of World War II, helped set up the new Kurdish state. The Kurdish Republic of Mahabad was short-lived as it disintegrated in December 1946 in the face of Iranian armed forces and after the Soviet Union's withdrawal from Iran.<sup>2</sup> Despite its brief existence, it remained the only independent Kurdish state to date and is still a source of reference and inspiration for Kurdish nationalists.

The Kurdish setbacks, both in terms of non-implementation of the provisions of the Treaty of Sèvres and the defeat of the Kurdish Republic of Mahabad, placed them in a precarious bargaining position *vis-à-vis* the Pahlavi monarchy in Iran and the Hashemite Kingdom in Iraq. Because of non-recognition and military suppression of Kurdish ethnic demands by those two regimes, the Kurds became active supporters of movements that overthrew the two monarchies. However, as we shall see in the following discussion, neither the Iraqi revolution of 1958 nor the Iranian revolution of 1979 resulted in the realisation of long-standing Kurdish aspirations.

### **Republican Iraq and the Kurds**

In 1958, a group of military officers under the titular leadership of Abdul Karim Qassem, overthrew the Hashemite family and declared the establishment of a new republican political system in Iraq. The new

<sup>2</sup> See Archie Roosevelt, Jr. 'The Kurdish Republic of Mahabad' in Gerard Chaliand (ed), *People Without a Country: the Kurds and Kurdistan*, London: Zed Press, 1980, pp 135-45.

regime promised to bring about a drastic transformation in the condition of the Kurds. A provisional constitution was promulgated which, for the first time, acknowledged the Kurds as a legitimate ethnic group with national rights. The 1958 constitution, after reaffirming Iraq's place as an integral and inseparable part of the Arab nation, stated that 'Arabs and Kurds are considered partners in this nation'.<sup>3</sup> Qassem, himself, was intent on improving the lot of the Kurds. His mother was purportedly a Shi'a Kurd, and several Kurds were appointed to prominent positions after Qassem's accession to power. Most importantly, the exiled Kurdish leader, Mullah Mustafa Barzani, was allowed to return to Iraq and was given a hero's welcome.

In the early years of the Qassem regime, a symbiotic relationship developed between the government and the Kurds. While allowing Kurdish political and cultural activities to flourish, Qassem used the Kurds to keep his enemies (the monarchists, the Ba'athists and other Arab nationalists) at bay. Furthermore, Barzani's political ascendancy and new alliance with Baghdad allowed him to settle 'old scores' with other Kurdish tribes, 'especially the Bardosts, who had helped the Iraqi government in the 1930s and 1940s against Barzani'.<sup>4</sup> Similarly, Mullah Mustafa used his newfound power to gain control of the Kurdish Democratic Party of Iraq which he had lost during his exile years in the Soviet Union.

As Mullah Mustafa's power increased and as he solidified his control over the Kurdish movement, his relations with Qassem began to deteriorate. Barzani's requests that the Kurds be given virtual autonomy was deemed unacceptable by Qassem. As a result, fighting erupted with the Iraqi forces and Barzani's *peshmergas* in the Autumn of 1961; it continued until January 1963 when a ceasefire agreement was signed.<sup>5</sup>

A month after the ceasefire, Qassem was overthrown by his Ba'athist enemies. The new regime was in turn overthrown in November 1963 by Abdul Salam Arif. Barzani's initial reaction to this dizzying pace of governmental change was to offer a truce, which halted the fighting between the two sides. However, the 1964 Iraqi Constitution undermined the shaky truce as it did not specifically recognise the equality of

<sup>3</sup> Richard F Nyrop (ed), *Iraq a country study*, Washington, DC: US Government Printing Office, 1979, p 61.

<sup>4</sup> Edmund Ghareeb, *The Kurdish Question in Iraq*, Syracuse: Syracuse University Press, 1981, pp 38-9.

<sup>5</sup> For details, see Sa'ad Jawad, *Iraq and the Kurdish Question, 1958-1970*, London: Ithaca Press, 1981, pp 63-105.

the Kurds and the Arabs in their partnership endeavour to build a new Iraq.

The Kurdish position *vis-à-vis* the Iraqi government was weakened as a major split occurred within the leadership of the KDP. The younger and intellectual elements of the KDP politburo, particularly Jalal Talabani and Ibrahim Ahmad, challenged Barzani's handling of ceasefire negotiations with the government. Undeterred, Barzani continued to negotiate a ceasefire with the Iraqi regime while simultaneously fighting the Iraqi troops and his opposition within the KDP.

President Arif died in a plane crash in April 1966 and was replaced by his brother, General Abdul Rahman Arif. Barzani seized this opportunity to offer a truce to the new government and to gain 'a breathing spell from the fighting'.<sup>6</sup> A major breakthrough appears to have occurred in the Kurdish-Iraqi stalemate in July 1966 when Prime Minister Abdul Rahman al-Bazzaz offered his 'Twelve-Point Programme' for Kurdish self-rule. Although this did not satisfy all of Barzani's demands, it nevertheless did represent the first genuine government commitment since 1958 towards accommodating Kurdish autonomy requests. Moreover, Bazzaz's reputation for integrity compelled Barzani to accept the government's proposal as the basis for Kurdish-Iraqi negotiations.

Prime Minister Bazzaz, however, was unable to implement his programme as he was replaced by Naji Talib, who unlike Bazzaz, was of the opinion that Barzani was not the representative of all the Iraqi Kurds and that acceding to Barzani's autonomy demands would result in the *de facto* partition of the country. Talib's rejection of Kurdish demands resulted in intensification of Kurdish-Iraqi clashes which persisted throughout Abdul Rahman Arif's regime.

Arif was overthrown in July 1968 and the second Ba'ath government since the Iraqi Revolution came to power. After twenty months of bloody fighting with the Kurds, the Ba'athist regime in March 1970 issued a directive regarding the government's new policy towards the Kurdish movement. The document, known as the March Manifesto, was the most extensive programme which the Iraqi government had hitherto adopted to accommodate Kurdish national desires. Its major parts included the recognition of Kurdish as the official language in areas where a Kurdish majority was in existence, appointment of a Kurdish vice-president, self-rule, and the creation of national adminis-

<sup>6</sup> Ghareeb, *op cit*, p 41.

trative units in the Kurdish region, and the constitutional recognition of the equality of the Kurdish nation in bi-national Iraq.<sup>7</sup>

Other provisions of the March Manifesto included the establishment of a Kurdish academy of letters and a Kurdish university at Sulaymanieh, the appointment of various ministers and governors of Kurdish origin, the formation of the Duhok governorate encompassing the Kurdish province of Mosul, and implementation of a major land reform programme in Kurdistan. In return, the Kurds would relinquish their heavy arms to the government and dissolve their clandestine broadcasting station.

Although efforts were made to implement the provisions of the March Manifesto, problems began to hinder the full realisation of the Kurdish autonomy demands. The question of a Kurdish vice-president was never resolved as the Iraqi government refused to accept the nomination of KDP's Secretary, Habib Mohammad Karim, ostensibly because of Karim's Iranian origin. The Kurds could not agree on an alternate candidate acceptable to the Iraqi regime. The major drawback of the March Manifesto, however, was its failure to define the geographic area to be covered by the autonomy provisions of the Manifesto. The latter proved to be the stumbling block to instituting self-rule in Kurdistan.

Barzani was adamant in his demand that Kirkuk and other oil-producing areas be part of the Kurdish autonomous area. The Ba'athist government, on the other hand, insisted that only in areas with a proven Kurdish majority should the provisions of self-rule apply. Barzani was well aware of the fact that, due to the removal of the Kurds from the north to other parts of Iraq in previous years, the census might confirm the government's contention that Kirkuk did not contain a Kurdish majority, hence it would not be part of the Kurdish autonomous region. As Barzani stated, 'Kirkuk is part of Kurdistan. If the population census shows that the majority of its inhabitants are not Kurds, I will not recognise this. I will not bear, before the Kurds, the responsibility for relinquishing Kirkuk. Maybe this can take place after me'.<sup>8</sup> With the deadlock in implementing the March Manifesto, another full-scale war erupted between the Kurds and the Iraqi armed forces. With the support of the Shah of Iran, Israel and the United States, Barzani's

<sup>7</sup> For the complete text of the March Manifesto, see Ath-thawra (Central Organ of the Iraqi Ba'ath Party), *Settlement of the Kurdish Problem in Iraq*. Baghdad: Ath-thawra Publications, nd, pp 111-22.

<sup>8</sup> *ibid.*, pp 38-9.

*peshmergas* engaged the Iraqi troops for four years in protracted guerrilla warfare and inflicted heavy casualties on them.

### **Autonomy Law of 1974**

Faced with a protracted war it could not win, on 12 December 1973 the Iraqi government offered a new plan for Kurdish autonomy, but it fell short of demands made by the KDP. The chief objection of the KDP revolved around the government's insistence that the 1957 census be used to demarcate the boundaries of the Kurdish autonomous region—a point which had previously been rejected by Mullah Mustafa and the KDP. The Ba'athist government once again reformulated its autonomy plans for the Kurds. On 11 March 1974 Iraqi President Hassan al-Bakr passed an extensive new law of self-rule in the Kurdish area and related constitutional amendments. In addition to provisions for Kurdish cultural autonomy, the law provided for the establishment of a Kurdish legislature and an executive council as governing organs of the autonomous region.

The Iraqi government gave the Kurds 15 days to accept the 11 March 1974 autonomy law or forfeit any chance of gaining self-rule. The Kurdish leadership, after a long period of indecision, rejected the government's latest offer. This was mainly due to the KDP's demand that Kirkuk be designated the administrative centre of the Kurdish autonomous region, whereas the government insisted on maintaining the city of Irbil as the administrative heart of the area. Another, and perhaps more serious reason for Barzani's rejection of the autonomy law of 1974 was the promise of aid he had received from the Shah of Iran, the United States and Israel. As Barzani later contended: 'Without American promises, we would not have acted the way we did. Were it not for American promises, we would never have become trapped and involved to such an extent'.<sup>9</sup>

Indeed, early indications pointed to the United States' commitment to Barzani's cause. In Spring 1974, a US Army operations headquarters was established in the Iranian city of Rezayieh (now Urumiyeh), near the Iraqi border, to advise the Kurdish *peshmergas*. Furthermore, a CIA station was reportedly established in the border village of Haj Umran, not far from Barzani's headquarters. High-level Kurdish personalities

<sup>9</sup> As quoted in Ghareeb, *op cit*, p 159.

and KDP officials have acknowledged the presence of American, Iranian and Israeli advisers amongst their forces.<sup>10</sup>

Barzani's initial optimism regarding an unending supply of American weapons for his forces proved to be premature. Henry Kissinger, the chief architect of the US assistance programme to Barzani, became obsessed with implementing the Sinai disengagement agreement between Egypt and Israel, which Syria opposed. In order to put pressure on Syria to ameliorate its opposition, Kissinger found it prudent to lessen pressure on Syria's Ba'athist rival, Iraq. Consequently, American commitment to the Kurds began to weaken.

The Shah of Iran was also beginning to re-evaluate his policy of allowing his country to be used as a conduit for weapons destined for Barzani and as a staging ground for Kurdish military operations against the Iraqi forces. After years of confrontation with many Arab states, the Shah had decided to pursue a policy of accommodation towards major Arab countries and 'did not want to alienate them by waging a direct war with his Arab neighbour'.<sup>11</sup>

In early Spring 1975, the Shah officially terminated Iran's support for the Kurds. At an OPEC meeting in Algiers in March 1975, the Shah and Saddam Hussein, the Vice-President of the Iraqi Revolutionary Command Council (RCC—the governing body of Iraq) signed an agreement which 'completely eliminated the conflict between the two brotherly countries'.<sup>12</sup> The Algiers agreement obligated Iran to withdraw its support for the Kurds in return for Iraq's abandonment of its claim of absolute sovereignty over all of the Shatt-al Arab river (which formed the southernmost border between the two countries), and some minor adjustments over land boundaries between Iran and Iraq.

With its supply route closed, the Kurdish rebellion seemed to have reached a dead end. The Iraqi government subsequently offered an amnesty to Kurdish *peshmergas* who would surrender by 1 April 1975. Similarly, the Iranian government informed Kurdish refugees that the border between Iran and Iraq would soon be sealed along the Kurdish regions, and those willing to return to Iraq should do so before the 1 April deadline. The Shah also offered to allow Barzani and some of his

<sup>10</sup> *ibid.*, p 160. Menachem Begin, the former Israeli Prime Minister, has acknowledged that his country armed and trained Barzani's guerrillas when they fought the Iraqi forces from 1965 to 1975. See *New York Times*, 30 September 1980.

<sup>11</sup> Ghareeb, *op cit.*, p 165.

<sup>12</sup> Richard Sim, 'Kurdistan: The Search for Recognition', *Conflict Studies*, no 124, November 1980, p 14. For the complete text of the Algiers Declaration and its subsequent protocols, see Tareq Y Ismael, *Iraq and Iran roots of conflict*, Syracuse: Syracuse University Press, 1982, pp 60–68.



fighters to reside in Iran. After fleeing to Iran, Barzani and his *peshmergas* were housed in camps away from Kurdistan and in areas where they could be closely supervised.<sup>13</sup>

The Algiers agreement, however, did not bring about a permanent cessation of Iraqi-Kurdish hostilities. The Kurdish *peshmergas* regrouped themselves under the banner of the Kurdish Democratic Party-Provisional Leadership. This group, under the leadership of Mullah Mustafa's sons, Massoud and Idris, continued to fight the Iraqi government with little success. Still, other allies and associates of Mullah Mustafa accepted the Iraqi regime's limited autonomy. They, under the leadership of Hashim Hassan Aqrabi, the current head of the Iraqi Kurdish Democratic Party, they have supported the Ba'athist government against the KDP-Provisional Leadership. Still another split in the ranks of the Iraqi Kurds occurred in November 1975 when a few KDP members, who had been ousted by Mullah Mustafa, accused him of betraying the Kurdish cause and held him responsible for the defeat of the Kurdish resistance. These dissidents, led by Jalal Talabani, formed a group called the Patriotic Union of Kurdistan (PUK). All these groups have continued to fight each other, thereby debilitating the strength of the Kurdish movement in Iraq.

Of all the post-Barzani Kurdish groups, only the official KDP (Aqrabi's group) has participated in the autonomy scheme for the Kurdish region, which now includes Dahuk, Irbil, and Sulaymanieh but not Kirkuk. As alluded to earlier, the governing structure of the Kurdish autonomous region is composed of the Executive Council and the Legislative Assembly located in Irbil. The latter organ acts as an advisory body to the former, which wields both executive and legislative powers. The Legislative Assembly's eighty members are principally large landowners or traditional tribal chiefs and are appointed by the Iraqi government and are, hence, subservient to Baghdad. The Executive Council is headed by a cabinet and includes up to twelve members appointed from the deputies of the Legislative Assembly. The powers of the local government in the Kurdish autonomous region are severely limited and the majority of the Kurds consider the local governmental organs as puppets of the Baghdad government.

In December 1983, Jalal Talabani's PUK, in a dramatic turnaround, announced its decision to accept a ceasefire with the Iraqi government and begin negotiations over a new autonomy scheme with Saddam

<sup>13</sup> Suffering from cancer, Mullah Mustafa Barzani left Iran for the United States a few months after his arrival in Iran. He died in 1979 in Washington DC, and was buried in Oshnovieh, Iran.

Hussein's regime. The PUK, which had been fighting the Iraqi army, the Iranian forces, and the KDP-Provisional Leadership, apparently found it debilitating to take on three forces simultaneously. As one PUK official contended: 'At least we can talk to Saddam Hussain. . . . Khomeini has killed 20,000 Iranian Kurds and sees all minorities as agents of Satan'.<sup>14</sup>

In addition to extracting a pledge for further cultural autonomy, Talabani was able to obtain promises from Baghdad to allow all previously deported Kurds to return to their homes, and that PUK *peshmergas* be allowed to carry arms for the purpose of defending the Kurdish region. The new agreement has given the PUK an opportunity to lessen its dependence on Syria. In the words of a PUK official: 'We know the agreement will not last, but at least it has proved that we are independent from Damascus or any other regime. . . . It has given us a breathing space which we will use to prepare for the next onslaught . . .'.<sup>15</sup>

### The Iranian Revolution and the Kurdish Issue

The Iranian Revolution of 1978-9 was supported enthusiastically by a broad spectrum of the Kurdish population of Iran. The Kurds participated actively in the revolutionary process from the outset. The memory of the Algiers agreement and what the Kurds considered the Shah's betrayal of them without 'the least bit of compunction'<sup>16</sup> provided added incentives for the Kurds to join the revolutionary bandwagon in Iran. The only group which refrained from partaking in anti-Shah activities was composed of traditional tribal chiefs who had been co-opted into the monarchical system through a policy of financial and political rewards.

The Jaf tribal chiefs are a good case in point. The traditional power-holders in the tribe were given high-level positions in local and central governments, and their large landholdings were practically untouched by the Shah's land reform programme. Sardar Jaf became an influential tribal member of the *majlis* (the lower house of parliament) and his brother, Salar Jaf, was a high-level official in the Shah's palace. Similarly, the Aradalan tribe provided a large number of people who rose to prominence during the Shah's reign, and the Shah's last court minister was an Ardalan Kurd. The Kurds also provided good soldiers

<sup>14</sup> Quoted in *The Middle East*, no 112, February 1984, p 10.

<sup>15</sup> *ibid.*

<sup>16</sup> Yusef Gottlieb, *Self-Determination in the Middle East*, New York: Prager, 1982, p 100.

whose loyalty catapulted them to the highest ranks in the armed forces of the monarchical Iran. One of the most loyal supporters of the Shah, even after the overthrow of the Pahlavi monarchy, was General Palizban, the Kurdish Governor-General of Kermanshah. Using his knowledge of the region and his Kurdish connections, Palizban has continued to haunt the Islamic Republic from his base in Iraq.

The initial Kurdish euphoria over the downfall of the Shah, however, gave way to the bitter realisation that the Kurdish autonomy demands would go unheeded by the new regime in Tehran. It was evident that Khomeini's goal of creating a strong, centralised Islamic Republic would clash with that of the autonomy-seeking Kurds. As Sheikh Ezzedin Hussein, the influential religious leader of the Mahabad Kurds stated: 'We fought in the revolution not out of religious convictions but for political goals. We want autonomy—our own parliament, our own language, our own culture'.<sup>17</sup> To this end, the Kurds held free elections in several cities and elected city councillors, many of whom were members or sympathisers of the newly-revived Kurdish Democratic Party of Iran (KDPI).

Dr Abdul Rahman Qassemloo, who had returned to Iran after several years of exile in Europe, assumed the leadership of the KDPI. Qassemloo's Marxist ideology coupled with Sheikh Hussein's socialist views couched in religious terms, compelled Ayatollah Khomeini to view the Kurdish demands as Marxist-inspired and a conspiracy against the nascent Islamic Republic of Iran. Consequently, Khomeini declared the elections of Kurdish city councillors void and began to refer to both Qassemloo and Ezzedin Hussein as 'Satanic' figures. Qassemloo, for his part, insisted that his goal was not to establish an independent Kurdish state, but his motto was 'democracy for Iran, autonomy for Kurdistan', which has now become a popular slogan for the KDPI. Qassemloo's autonomy scheme has, in fact, required the establishment of a Kurdish region in which only defence, foreign relations and finance would be controlled by Tehran.

Religious factors also played an important role in exacerbating tensions between the Iranian Kurds (who are mostly Sunni) and the Shi'a religious leadership in Tehran and Qom. However, the Kermanshah Kurds, who are predominantly Shi'a, tended to support Khomeini. The Qom clerics, in return, promoted Ahmad Moftizadeh, a conservative Shi'a cleric, as the true representative of the Kurdish nation. Sheikh

<sup>17</sup> *New York Times*, 1 March 1979.

Ezzedin Husseini, on the other hand, continued to oppose Ayatollah Khomeini's theory of Islamic government with its emphasis on *velayat-e-faqih* (government of jurisprudence), which promotes the concentration of all power in the hands of an infallible *faqih*. Sheikh Husseini summarised his objections to Khomeini's notion of a just government thus:

Many governments in the past have claimed to act in the name of Islam, but in reality they were not Islamic. The Safavid and Ottoman governments were cases in point; more recently we have the case of Khomeini in Iran. They are *qeshri*—backward and vulgar—and have ruined Islam and its spirit. What we have is not religious government, but a dictatorship under the name of Islam. . . . In Sunni Islam there is no imam as political leader or *na'ib* (deputy) imam. The role of the clergy is to be *morshed*, or guide, in knowing God. You will also find some Shi'i clergy who reject Khomeini's concept of *faqih*. It is not an Islamic regime.<sup>18</sup>

The notion of clergy as guides and interpreters of Islamic laws collided with Khomeini's conception of clergy as active participants and perhaps the dominant force in society.

Notwithstanding tensions between the Kurds and the theocratic establishment in Iran, the first post-revolutionary cabinet included two Kurds in its ranks: Dr Karim Sanjabi, the veteran leader of the National Front, and Dariush Foruhar. Sanjabi was appointed Foreign Minister while Foruhar was given the Labour portfolio. Both of these men were respected nationalists with anti-Shah credentials.

On 14 February 1979, Foruhar was sent to Mahabad as the head of a goodwill government delegation to discuss Kurdish autonomy demands. However, due to the multiplicity of power centres in Tehran and the weakness of Prime Minister Bazargan's government *vis-à-vis* the Revolutionary Council (the *de facto* government of Iran), the Foruhar delegation was unable to make any firm commitments to the Kurdish side. Compounding the problem was the ambiguity of the nature of Kurdish autonomy demands. It was assumed that the areas of defence, foreign policy, and economic planning and trade would be the exclusive domain of the central government. The powers and functions of the local government were not clearly stated.

Another vexing problem was the boundaries of the Kurdish homeland. The Kurds insisted that any future autonomy plans be implemented in the provinces of West Azarbaijan, Ilam, Kermanshah as well as Kurdistan. Although Kurds have resided in all of these

<sup>18</sup> *MERIP Reports*, no 113, March–April 1983, pp 9–10.

provinces, their only politico-cultural strongholds were in Kurdistan. In West Azarbaijan, the Azari-speaking Iranians overwhelm the Kurds, and in Ilam and Kermanshah, where Shi'a pro-Khomeini sentiments are strong, the autonomy-seeking Kurds have been in a weak negotiating position.

Stalemate between the Islamic Republic and the Kurds exacerbated tensions, which eventually erupted into armed clashes between the Kurdish *peshmergas* and Islamic *pasdarans* (revolutionary guards). Simultaneously, clashes occurred between forces aligned with the conservative landowning Kurds and peasants who engaged in a series of land seizures in Kurdistan. Skirmishes between the Azaris and the Kurds in the West Azarbaijan city of Urumiyeh further debilitated the Kurdish position in talks with the central government authorities.<sup>19</sup>

The Kurdish tensions might have been defused through further negotiations. However, the Kurdish leadership felt that any prolonged negotiations with government representatives might be turned into a ruse to allow the Iranian army and *pasdarans* to regroup and attack Kurdistan. The presence of Marxist guerrillas of Fadayan-e Khalq fighting alongside the leftist KDPI forces further increased Tehran's fears that Kurdish autonomy demands were part and parcel of a communist conspiracy to dismantle Iran and establish a separate Kurdish republic similar to the Mahabad Republic of 1946.

Major Kurdish cities of Mahabad and Sanadaj witnessed bloody clashes between the government and Kurdish forces. Both of these cities have had symbolic and strategic importance to the Kurds. Mahabad was not only the capital of the Kurdish province but also served as the site of the only independent Kurdish republic in history. Sanadaj has been the heart of the Kurdish region from where the Shah's security agency, SAVAK, directed its anti-Kurdish activities. The control of Mahabad and Sanadaj symbolised the renewal of Kurdish nationalistic aspirations.

The late Ayatollah Talequani, a highly respected politico-religious figure in Iran and a man accepted by all parties as an impartial intermediary, interceded to stop the bloodshed. He agreed to head a government delegation which finally succeeded in signing a limited autonomy scheme with the Kurds. This programme, agreed upon on 24 March 1979, included the teaching of Kurdish and Persian in Kurdish schools, administration of the local economy and government by

<sup>19</sup> See Komala's published declaration in *Review of Iranian Political Economy and History (RIPEH)* 3(2), Fall 1979, pp 55-9.

elected Kurdish representatives, and Kurdish participation in drafting a new national constitution for Iran.

As was the case with the previous autonomy agreement, the plan arranged by Ayatollah Taleqani did not last long. The Kurds suspected that the government was using this as an inducement to get Kurdish acquiescence for the impending referendum on the creation of an Islamic republic in the country. The slogan 'No referendum, self-determination first' epitomised the Kurdish feelings towards Tehran's latest autonomy scheme. As a result, the fragile truce between the Kurds and government forces broke down, and major clashes ensued. The Kurdish boycott of the March 1979 referendum on the future type of government in Iran was followed by a similar boycott in December 1979 of voting on the new Islamic Constitution. The Kurdish objections to the proposed constitution were twofold: (1) the new constitution did not contain any reference to ethnic minority rights, and (2) the Shi'a Islam was mentioned as the official religion of the country whereas the Sunni Kurds had demanded Islam in general be considered as Iran's official religion.

On 27 August 1979, a five-man Kurdish delegation arrived in Tehran to offer a new peace plan. The plan's six points included the immediate removal of Sheikh Sadeq Khalkhali from the Kurdish areas (Khalkhali was responsible for condemning several hundred Kurdish nationalists to death), an end to the execution of Kurdish activists, the withdrawal of non-Kurdish *pasdaran* from Kurdistan and their replacement with Kurdish guards, an immediate ceasefire, an end to the bombardment of Kurdish strongholds, and convening of a comprehensive conference to grant the Kurds autonomy within the framework of the Iranian state. All of these demands were deemed unacceptable by Ayatollah Khomeini so long as the Kurds were armed and challenging his authority. However, on 3 September 1979, Prime Minister Bazargan did arrive in Mahabad to offer some concessions to the Kurds, including the power to establish a Kurdish university in Mahabad, an amnesty to all KDPI *peshmergas* and a promise of massive economic aid to bolster Kurdistan's sluggish, war-torn economy. The Bazargan mission also failed to achieve positive results as the fighting intensified between the two sides.

A final attempt to negotiate an overall settlement of the Kurdish demands was made in November 1979 when once again, the Labour Minister Dariush Foruhar headed a government delegation to Mahabad. This delegation was given an eight-point plan, which was the most detailed presentation of the Kurdish autonomy demands. It called

for the inclusion of the concept of Kurdish autonomy in the national constitution, the recognition by the government of the provinces of West Azarbaijan, Ilam, Kermanshah and Kurdistan as an autonomous region, the establishment of a freely-elected Kurdish national assembly with jurisdiction over all local affairs (including internal security functions), guarantee of the freedom of religion, speech and assembly throughout Iran, the inclusion of Kurdish representatives in the central government machinery, use of Kurdish (along with Farsi) as the primary language in official business and schools, and the allocation of a fixed amount of the national budget to the development of the backward economy of Kurdistan. The Kurdish plan also reiterated the supremacy of the central government in national defence, foreign policy and economic planning.

These demands, with minor modifications, were accepted by the Foruhar delegation. However, as it became known that the Islamic Republic's new constitution did not expressly recognise Kurdish minority rights, the eight-point plan unravelled. In an attempt to induce the Kurds, and other Muslim ethnic minorities in the country, to participate in the 1980 presidential election, Ayatollah Khomeini announced that he was prepared to guarantee Sunni minority rights, possibly in the form of an amendment to the new Islamic constitution. The amendment would allow the Sunnis to have their own religious courts in areas where they constituted the majority of the population. However, Sheikh Ezzedin Hussein, and other Kurdish leaders, rejected Khomeini's proposal as insufficient in meeting the Kurdish autonomy demands. By 1980, hopes of a negotiated settlement of the Kurdish issue had all but vanished. As the fighting between the Iranian forces and the Kurds continued, the Kurdish strongholds in major cities gradually fell to the government forces. The Kurdish *peshmergas* were forced to retreat to the countryside and take up defensive positions there.

### **Intra-Factional Politics Among the Iranian Kurds**

The tenacity and intensity of Kurdish guerrilla fighting against the forces of the Islamic Republic have masked to a great extent the intra-factional tensions and conflicts among Kurdish factions. Currently, the major groups fighting against the Khomeini regime in Kurdistan include:

a) *The Kurdish Democratic Party of Iran (KDPI)*. The largest and one of the most active Kurdish groups, the KDPI has embraced leftist slogans. Under the leadership of Abdul Rahman Qassemlou, the party

has expanded its membership and has joined forces with other non-Kurdish groups opposing the Khomeini regime. This is particularly true in the case of military and political collaboration between the KDPI and the Mujahedin-e Khalq, an Islamic, non-Marxist leftist guerrilla organisation which, like the KDPI, is a member of the Paris-based National Council of Resistance (NCR). The NCR is a broad-based umbrella organisation comprising several leftist and nationalist opposition movements to the Khomeini regime.

The KDPI's programme is strikingly similar to that of the original Kurdish Democratic Party established in 1945, the exception being the KDPI's commitment to the integrity of Iran. The phrase 'Democracy for Iran, Autonomy for Kurdistan' is the essence of the KDPI's programme.<sup>20</sup> That is, for autonomy to be established in Kurdistan, democracy should first be achieved in all of Iran. It is only within this democratic framework, the KDPI contends, that Kurdish autonomy could be realised. Qassemlou on several occasions has accused foreign interests, especially the United States, of creating obstacles in the path of democracy in Iran, principally through tacit support of the Khomeini regime. In Qassemlou's words, 'Imperialism, through Khomeini, is launching a massive attack on radical and revolutionary forces as to facilitate instituting an American alternative in Iran'.<sup>21</sup> In addition to fighting the *pasdarans* and regular Iranian forces, the KDPI *peshmergas* have fought against the KDP-Provisional Leadership whose leaders, Massoud and Idris Barzani, have received aid from the Khomeini government and have on occasion supported and fought alongside the Iranian forces against the Iraqis as well as anti-Khomeini Kurds.

b) *The Revolutionary Organisation of the Kurdish Toilers of Iran (Komala)*. A Marxist-Leninist movement which ranks second to the KDPI in membership and influence among the Iranian Kurds. Komala's relations with the KDPI have vacillated from cooperative to conflictual. Occasionally, Komala has received the endorsement of Sheikh Ezzedin Hussein and, thus, it has claimed Hussein as the movement's spiritual leader. However, Sheikh Hussein has no official ties with Komala. Komala's platform calls for Kurdish autonomy via a Marxist revolution in Iran.<sup>22</sup>

In September 1983, Komala underwent structural transformations. It

<sup>20</sup> For details, see *Barnameh va Asasnameh Hezb-e Demokrat-e Kurdistan-e Iran*, Fourth Congress of the KDPI, 19-23 February 1980, Mahabad, Iran.

<sup>21</sup> *Iran Times*, 1 July 1983.

<sup>22</sup> *Junbish-e Moqavameh-e Khalq-e Kurd va Komala*, Document Series 2, 1980.



patterned itself after the hierarchical communist parties elsewhere, with a central committee, secretariat and politburo as its core. At the same time, it renamed itself the Communist Party of Iran in Kurdistan—Komala. Under the leadership of its first Secretary-General, Abdullah Mohtadi, the new Komala has become more assertive in challenging the hitherto dominant position of the KDPI in Kurdish affairs and has staged some of the fiercest intra-Kurdish factional attacks against the KDPI *peshmergas* in recent history.

c) *Mujahedin-e Khalq*. This leftist Islamic guerrilla organisation has, as mentioned earlier, joined forces with the KDPI to oppose the Khomeini regime. Both Kurdish and non-Kurdish Mujahedin have fought alongside regular KDPI *peshmergas* and have coordinated their politico-military activities with them. It was through the Mujahedin that the former Iranian President, Abul Hassan Bani-Sadr was given shelter by the Kurds while planning his escape from the country.<sup>23</sup> After the decimation of Mojahedin guerrillas by Khomeini's forces, the guerrilla organisation has found it necessary to concentrate its remaining military forces in Kurdistan where they will be less vulnerable and carry out their guerrilla attacks against the regime more effectively. For its part, the government has accused the Mujahedin, as well as other Kurdish groups, of being the tools of an 'international imperialist conspiracy' against the Islamic Republic.<sup>24</sup>

d) *Fadayan-e Khalq*. This Marxist-Leninist guerrilla group has experienced tumultuous and devastating factional infighting since the advent of the Islamic Republic. After a year of tacit approval of the new regime, two contrasting tendencies developed within the leadership of the Fadayan. The majority was of the opinion that Khomeini 'as an 'anti-imperialist' leader should be supported, and that opposing his regime would inflict irreparable damage to the revolution. A minority view within the Fedayan leadership argued that it would be a tactical error to support the 'bourgeois' clerical regime.

The majority faction eventually allied itself with the pro-Moscow Tudeh Party and sought to bring about changes through working within the system. The minority faction, which ironically surpassed the majority faction in membership, continued its armed resistance against the Khomeini regime. In Kurdistan, it joined forces with Komala and the Ashraf Dehqani group (a Fadayan faction named after its revolu-

<sup>23</sup> See Bani Sadr's statement in the *New York Times*, 5 July 1981.

<sup>24</sup> *Kurdistan: imperialism va Gorroohaye Vabaste*, Tehran: Political Bureau of the Islamic Revolutionary Guards, 1980, pp 10–52.

tionary leader) and fought the Iranian theocracy from its bases in that area.

In 1983 yet another tendency developed within the so-called minority faction of the Fadayan which further fractured opposition to Khomeini in Kurdistan. Reiterating the necessity for armed struggle, one sub-group argued for expansion of its organisation's military activities throughout Iran. The other sub-group, on the other hand, asserted the desirability of concentrating the organisation's military activities in Kurdistan where the Khomeini forces were most vulnerable.

In addition to the aforementioned groups, a number of smaller movements have sprung up to advance the Kurdish cause. For example, *Jama'e-e Zanan-e Mobarez-e Saqqez* (Society of Militant Women of Saqqez) was formed in March 1979 in the Kurdish city of Saqqez with the broad objective of 'crushing the conspiracies of the reactionaries and continuing the struggle for the liberation of all toiling forces and the elimination of the exploitation of man by man . . .'.<sup>25</sup> More specifically, this organisation has endeavoured to provide what it has termed 'gender-specific' benefits to Kurdish women. These include improving welfare benefits and working conditions of working Kurdish women.<sup>26</sup>

The fractious nature of the Kurdish movement and internecine infighting has substantially weakened the Kurdish cause. The assortment of *peshmergas* still conduct hit-and-run tactics against the Iranian government forces, but they have all but lost their strategic positions in the urban area of Kurdistan. Moreover, by playing one faction against another, the Islamic Republic has succeeded in weakening the Kurdish movement. The regime, for example, has provided aid to Massoud and Idris Barzani's KDP-Provisional Leadership to fight the leftist KDPI forces. In return, the KDP-Provisional Leadership has hoped to receive material and logistical support in its fight against the Iraqi government. In July 1983, when the Iranian Army overran the mountain village of Haj Umran in Northern Iraq, the Barzani guerrillas were invited to take over their former strongholds in the area.

The Iran-Iraq War, which could have provided an opportunity for the Kurds to exploit the conditions created by the preoccupation of the two Gulf countries with each other, exacerbated the tensions among major

<sup>25</sup> As quoted in Azar Tabari and Nahid Yeganeh (eds), *In the Shadow of Islam: the women's movement in Iran*, London: Zed Press, 1982, p 222.

<sup>26</sup> A smaller group of Kurdish women has established *Etehadieh-e Zanan-e Kurdistan* (Union of Kurdish Women), which is associated with the Komala party. Other minor Kurdish groups include Rastgari Corps and the III Corps. See Foreign Broadcast Information Service (FBIS), *Daily Report, South Asia*, 21 July 1983, p 13.

Kurdish groups. The pro-Ba'athist official KDP in Iraq called upon its members, supporters and 'the sons of the Kurdish people in the autonomous region to intensify their strikes against the Iranian enemy . . .'<sup>27</sup> Similarly, the Islamic Republic urged the Iraqi Kurds to 'rise up for the support of your religion, Islam, in order to establish an Islamic homeland as your brethren in the Islamic Republic of Iran did'.<sup>28</sup> However, the shifting constellation of power and the fluidity of inter-Kurdish relations have prevented the two major protagonists in the Gulf war from using the Kurds against each other. By the same token, the Kurdish weakness has prevented them from exploiting politico-military situations opened to them as the result of the Iran-Iraq conflict.

### What Next for the Kurds?

Kurdish ethnonationalism in Iran and Iraq, although unique in many respects, represents dilemmas faced by most multiethnic societies in terms of conflict management in their societies. Historically, autonomy demands by ethnic groups in those societies have elicited complete or near rejection of such demands, followed by a period of varying degrees of repression by the dominant ethnic cultural group. For better or worse, ethnic affirmation has been largely identified with separatist tendencies, disintegration of the political system and the concomitant disorder and chaos. This has historically been true in the case of Iranian society which, in addition to the Kurds, comprises several ethnic nationalities.

Granting total autonomy to one ethnic group would necessitate implementation of similar measures with respect to others, hence the first step toward possible disintegration, as many have contended. On the other hand, the enormous cost of perpetual ethnic conflictual relations behoves us to search for a pacific approach to managing such conflicts. Such an approach may entail 'shifts in jurisdictions, the redistribution of resources, and changes in resource allocation procedures'.<sup>29</sup> This approach, of course, would entail a genuine degree of administrative decentralisation and the establishment of a federal

<sup>27</sup> FBIS, *Daily Report, Middle East and Africa*, 26 July 1983, p E3.

<sup>28</sup> FBIS, *Daily Report, South Asia*, 26 July 1983, p 13. For a brief analysis of the Kurdish position in the Gulf War, see Edgar O'Ballance, 'The Kurdish Factor in the Gulf War', *Military Review* 61(6) June 1981, pp 17-19.

<sup>29</sup> Martin O Heisler and B Guy Peters, 'Scarcity and the Management of Political Conflict in Multicultural Polities', *International Political Science Review* 4(3) 1983, p 329.

system of government with power being shared between the federal and state governments. Perhaps this is easier said than done. But in the absence of another viable alternative, federalism would be the first step towards managing centuries-old ethnic conflicts in Iran and Iraq.

## The Lebanese Crisis: fragmentation or reconciliation?

In early June 1984 there was a small demonstration in West Beirut to protest the second anniversary of the Israeli invasion. Composed of men and women with posters and placards rather than Kalashnikovs and rocket-propelled grenades (RPGs) it was a brief reminder of an older, more peaceful, style of Lebanese politics. But the extraordinary military preparations required to safeguard the passage of a small group of the demonstrators to the embattled Parliament building on the Green Line which divides the warring forces in the city pointed to a different reality. After nine years of fighting, groups without guns are virtually powerless, while the conflict between the different armed militias has assumed a dynamic of its own which it seems almost impossible to stop. Unlike other Mediterranean civil wars—the Spanish in the 1930s, the Greek in the 1940s—foreign military interference has constantly prevented either side from gaining victory, while none of the interested external powers—the Syrians, the Israelis, the Americans—have been able to impose a new order of their own.

The situation has deteriorated markedly since the Israeli invasion. During the first seven years of the civil war, from 1975 to 1982, the bulk of the fighting was confined largely to Beirut and certain parts of the south, leaving much of the country unscathed. There were also years in which certain types of economic activity prospered. If the outbreak of violence interrupted much of the transit trade through the port of Beirut and put an end to the huge increase in the export of Lebanese manufactured goods to Saudi Arabia and the Gulf which had taken place in the early 1970s, it brought great prosperity to certain local regional centres such as Tripoli and Sidon. In addition, the value of remittances sent back by Lebanese working abroad reached new heights—some sources put the total at between \$20 and \$25 billion for these seven years, while further large sums entered the country in the form of subsidies to the Palestinians and the various militias.<sup>1</sup> One manifestation of all this was the extraordinary boom in real estate which took place in many areas along the coast; another was the continued

<sup>1</sup> Paper by F Zanoan presented to symposium 'Towards a Viable Lebanon', Centre for Contemporary Arab Studies, Georgetown University, April 1984.

high level of banking activity and the opening of many new branches of the Beirut banks in the smaller towns of the interior. Finally, in spite of all the bloodshed, hopes that the fighting might be ended remained surprisingly high, marked on certain occasions—in 1978 and during Bashir Gemayel's brief period of political ascendancy in 1981–2—by a groundswell of Lebanese nationalism which seemed to suggest a strong desire to come together in order to end foreign intervention and to embark upon a process of political reform.

But whatever hopeful features there may have been in this situation were soon dashed by the Israeli invasion. To begin with, there was an unprecedented amount of killing and destruction. All figures must be viewed with suspicion but it seems reasonable to assume that those produced by the President of the Washington-based Near East Refugee Organisation are as close as we are likely to get to the truth.<sup>2</sup> These suggest that in the summer of 1982 there were something like 17,000–18,000 Lebanese and Palestinians killed, with another 30,000 injured. The same source put the number of buildings which were severely damaged at about 25,000. Further problems were created by the deliberate destruction of huts and tents by the Israelis and their allies in the south and by the Lebanese army's bulldozing of the predominantly Shia shantytowns in the suburbs of West Beirut. It is now estimated that there may be some 500,000 displaced persons in Lebanon out of a total population of under 4 million.<sup>3</sup> Local Palestinians were particularly hard hit: not only were many of their camps subject to repeated assault but also, with the enforced evacuation of the PLO leadership from Beirut in August 1982 and from Tripoli in November 1983, they lost most of the infrastructure of factories, schools and clinics which had provided some of them with jobs and all of them with a programme of general welfare.

To make matters worse, events set in train by the invasion caused considerable economic dislocation, involving the destruction of valuable assets like orchards, pumps and warehouses, and increased fragmentation as movement between the different parts of the country became ever more difficult. The south was particularly hard hit as what was left of its war-shattered economy was not only cut off from its regular markets to the north by fighting and intermittent Israeli blockade, but its products were also subject to a high degree of competition from subsidised Israeli competitors. The Saudi embargo on

<sup>2</sup> Paper by Peter Gubser to above symposium

<sup>3</sup> *ibid.*

Lebanese goods on the ground that they might be coming from Israel must have seemed like the last straw. It was no wonder that the Lebanese pound, for long a sensitive barometer of the country's real economic health, finally began to drop sharply in value. Last, but certainly not least, there was the individual psychological stress and strain entailed first by the fighting itself and then by the realisation that, once it was over, peace seemed even further away than ever.

A second consequence of the invasion was the way in which it ushered in a period of even greater foreign military and diplomatic interference. This can be summed up briefly in terms of a sequence of Israeli, then American, then Syrian plans to impose a new political order. As is well known, the major aim of General Sharon's military operation was not 'Peace for Galilee'—its official title—but the expulsion of the Palestinian and Syrian armed forces, the establishment of a Christian-dominated state under Beshir Gemayel, and then the signing of a treaty of peace and friendship with Israel. This plan was interrupted by the long siege of West Beirut in July and August 1982 and finally destroyed by the assassination of Bashir Gemayel in September and the outcry which followed the massacres in the Sabra and Shatila camps a few days later.

The next outside power to attempt to exert a decisive political interest in Lebanon was the United States. Dragged into the conflict on Israel's coat-tails, American marines were first used to assist the evacuation of the PLO and then as the basis for a multinational force hurriedly sent to Beirut after the massacres with the vague task of keeping the peace until the new government of Amin Gemayel, the late President's elder brother, could build up a security force of its own. It was from this foothold that the United States went on to try to obtain the withdrawal of the Syrians and Israelis and then to encourage the newly reconstituted Lebanese army to exert control over as much of the country as possible, beginning with West Beirut. This policy failed too, first as a result of Syrian opposition to the ill-conceived peace treaty between Israel and Lebanon signed in May 1983 and then, after the Israeli withdrawal from the Chouf Mountains in September, of Syrian-backed Druze opposition to the entry of units of the Lebanese army to take its place. Meanwhile, increasingly militant Shia members of the Amal militia were also preventing the deployment of the army in those suburbs of West Beirut which had a predominantly Shia population and which they had come to control. Finally, the Americans themselves were forced to leave Lebanon and to abandon President Gemayel and

his army to their chances as a result of the bloody sequence of events which began with the lorry-bomb attack on the Marine headquarters in October 1983 and continued until the occupation of the whole of West Beirut by Amal and Druze fighters the following February, accompanied by the defection of large numbers of Muslim soldiers from the Lebanese army.

The third power to try its hand has been Syria. Although badly mauled in the fighting with the Israelis in which large numbers of planes, rocket launchers and tanks were lost, President Asad quickly obtained new equipment from Russia valued at perhaps \$2.5 billion, or, in some accounts, roughly double the amount which had been destroyed.<sup>4</sup> Just as important, the Soviet Union sent enough surface-to-air missiles (SAMs) manned by around 8,000 military personnel, to act as a powerful deterrent to further attacks on Syrian troops by the Israeli airforce. Assistance of this kind allowed President Asad to adopt a high-risk strategy aimed at encouraging the Shias and Druze to harass the Americans into withdrawal as a preliminary to the abrogation of the Lebanese treaty with Israel and the reorganisation of the political system along lines favourable to Syria.

The first part of this plan was accomplished with surprising ease in spite of President Asad's serious illness in the autumn of 1983 and the dangerous manoeuvrings which followed, during which the Americans seemed tempted to shell and bomb the Syrians into a more conciliatory frame of mind. The Syrian-inspired Lebanese abrogation of the peace treaty followed in March 1984. What has proved much more time-consuming has been the infinitely more difficult process of obtaining a Lebanese cease-fire and then of persuading the leaders of the different warring factions to come together in a cabinet of national reconciliation and reform. The conference of National Reconciliation held at Lausanne in mid-March 1984 appeared to end in complete disarray and it was only after a fresh discussion between Presidents Asad and Gemayel in Damascus in April that a new government of national unity could be formed in Beirut under the leadership of the veteran Sunni politician, Rashid Karami. There were some initial difficulties due to the fact that two key figures, Nabih Berri, the head of Amal and Walid Jumblatt, the leader of the Druze militia, refused to serve until they had been made members of the Higher Defence Council charged with carrying out the reforms of the national army. Berri also protested

<sup>4</sup> Larry L Fabian, 'The Middle East: war dangers and receding peace prospects', *Foreign Affairs* 62 (3) 1984, p 634.



against being offered an unimportant post and was only mollified by being appointed to the newly created portfolio of Minister of State for South Lebanon Affairs. Once all this had been sorted out the new cabinet was ready to hold its first meeting on 18 May 1984.

Karami's cabinet broke fresh ground in a number of significant ways: it contained the leaders of all Lebanon's main fighting factions with the exception of Fadi Frem, the Commander-in-Chief of the powerful (Christian) Lebanese Forces, it was made up of equal numbers of Muslims and Christians and, for the first time in the country's political history, it had a Muslim Foreign Minister—the Prime Minister himself. However, both the composition of the cabinet and the fact that it was put together under Syrian auspices, immediately incurred the wrath of the Lebanese Forces and, at the time of writing (mid-June 1984) it is still far from clear whether it will be able to last long enough to make any headway with Lebanon's enormous problems. I will return to a discussion of this point later.

A last set of consequences of the Israeli invasion was a radical shift in the position of the various confessional groups. The community initially most affected were the Palestinians. The departure of the fighters from Beirut and Tripoli left the bulk of the population almost completely defenceless, something which the massacres at Sabra and Shatila and the continued harassment of the inhabitants of the big Ain El-Hilwe camp near Sidon brought into terrible and dramatic focus. In addition, many Palestinians were subject to a series of both Israeli and Lebanese measures designed to reduce their numbers by forcing those without residence permits to leave and preventing those temporarily outside the country from coming back. It has been estimated that there may be between 50,000 and 100,000 in this latter category.<sup>5</sup> By the summer of 1984 the only Palestinians with any kind of secure protection were those living north of Tripoli, where there was a strong Syrian presence, or the few scattered in the Bekaa Valley in the east.

The end of the Palestinian military presence along the coast also resulted in yet another stage in the decline in the power and effectiveness of the Sunni community. For a number of historical reasons, most notably their long association with the state apparatus, their close alliance with the armed Palestinian resistance after 1967 and the divisions in their ranks caused by their allegiance to different Arab regimes, the Sunnis have been unable to organise any great measure of

<sup>5</sup> Peter Gubser, *op. cit.*

communal self-protection. For years, apart from the PLO, the only important Sunni military force was the Murabitoun militia of Ibrahim Qulaylat which played a major role in the first months of the fighting and which remained in control of a small section of West Beirut until its expulsion by Walid Jumblatt's troops in February 1984.<sup>6</sup> But even before then, its influence had been much reduced by the lessening in the support that it was receiving from Libya. Attempts by other leading Sunni figures, such as the Mufti, Shaykh Hasan Khalid, to provide a focus for communal solidarity have not proved successful and, for the time being, the only major asset which leading politicians like Saeb Saalem or the Sidon-based millionaire, Rafik Hariri, have at their disposal is their close ties with Saudi Arabia.<sup>6</sup>

The two other communities in which major changes have taken place are the Druze and the Shia. In spite of the political role as leader of the Muslim/Left coalition played by their most powerful political family, the Jumblatts, the Druze played only a minimal military part in the early years of the civil war and were conspicuous for making no effort to prevent the Israeli passage through their mountain strongholds in June 1982. However, once the Israelis had made it clear that they were going to allow, and even encourage, units of the Lebanese Forces to establish bases in the Christian towns and villages of the Chouf, the Druze organised themselves in dramatic style, sending officers off for training in the Soviet Union and elsewhere, drilling and arming volunteers and altogether producing a formidable military machine in only a few months. It was these fighters who wrested control of the predominantly Druze town of Aley from the Lebanese Forces in the summer of 1983 and who then resisted the advance of the Lebanese army into the Chouf on the heels of the Israeli withdrawal in September of the same year. The major confrontation took place at the town of Souq El Gharb, a few miles south of Aley, where the Druze were able to bottle up the army units in spite of the terrific pounding which they received from American Marine and Naval gunners.

The next stage of the Druze offensive took two separate forms. The first was to besiege the remainder of the Lebanese Forces encamped in the Chouf at such towns as Dair El Qumar and then to expel them completely. This not only gave them almost complete military control of their own territory but also encouraged most of the Christian popula-

<sup>6</sup> For a good survey of recent movements in the Sunni and other major communities see Marius K Deeb, 'Lebanon: prospects for national reconciliation in the mid-1980s', *Middle East Journal* 38 (2) Spring 1984, pp 267-83.

tion to move out as well, leaving Jumblatt's troops in charge of a relatively homogenous population for a base. The second part was to extend Druze military activity down towards the coast, taking over positions vacated by the American Marines around the airport and also cooperating with the Amal militia in driving the Lebanese army out of West Beirut. The result of these moves has been to place Walid Jumblatt in a powerful political and military position, but one which also presents him with a number of difficult problems. Jumblatt's principal assets are his territorial base in the mountains and his military alliance with the stronger Amal. These have been used to pursue a series of separate, but not necessarily compatible, policies. On the one hand, Jumblatt can now afford to act as an independent power in his own right, making alliances or arrangements with powerful external forces like the Syrians at his back or the Israelis to the south. On the other, he has joined Nabih Berri in demanding great changes in Lebanon's political system, notably the secularisation of the method of political representation so that members of Parliament would no longer be chosen along confessional lines. This at once takes both of them further than the official Syrian position which is that there should merely be a change in the confessional balance to give Muslims equal representation with the Christians.

But the problems posed by policies of this kind are formidable. Whatever else he does Jumblatt has to maintain good relations with the Syrians through whose territory most of his arms and equipment have to pass. He must also square his unofficial arrangements with the Israelis—which include preventing the return of Palestinian fighters to the Chouf—with his alliance with the Shias who are themselves pledged to force Israel to abandon its occupation of the south. Meanwhile, Jumblatt is being drawn deeper and deeper into the turbulent politics of West Beirut, partly to defend the small Druze population which lives there, partly to prevent any major clash between Shia and Sunni forces which might threaten the unity of the anti-Christian front. This at once involves him with the difficult business of maintaining the cease-fire along the Green Line and of preventing trigger-happy elements among the Mourabitoun or, in future, returning Palestinians from interfering either with the military truce or with his joint efforts with Berri to push on with a mutually advantageous reform of the political system. It is proving a tricky balancing act to sustain.

The last group greatly affected by the Israeli invasion was the large Shia community squeezed into a few tiny quarters in West Beirut and its

suburbs. Like the Druze, the Shia took a long time to enter the civil war on their own account and, in the first years of the fighting, their fighters were more conspicuous as members of left-wing organisations like the Communists or as auxiliaries of the Palestinians. But events at the end of the 1970s came together to force the Shia, *en bloc*, to adopt a more cohesive military stance. One was the growing tension between the Shia villagers of the south and the Palestinians which started to break out into acts of armed conflict from about 1978 onwards. The second was the mysterious disappearance in 1979 of the Iman Musa Sadr, the charismatic leader who had founded the first mass Shia political organisation, 'The Movement of the Disinherited' in 1974, followed by its military wing, Amal, in 1975. The third was the impact of the Islamic Revolution in Iran. The force from these three currents was tremendous and came together to make Amal an increasingly powerful political and military force under its new leader, Nabih Berri, who succeeded the missing Sadr in 1980. Militancy further increased as a result of the efforts of the Lebanese government to extend its control into West Beirut in the summer of 1982, a process which was accompanied by a great deal of violence towards the resident Shia population who lived in huts or commandeered apartment buildings along the city's southern and western fringe. It was when this same population was subject to a series of heavy and damaging artillery bombardments by the army in January 1984 that Berri's patience finally snapped and he ordered his militia to drive the soldiers out of West Beirut as a riposte.

Berri's present position is in many ways more difficult than Jumbatt's. Cut off from the Shia communities in the south and east of the country and unable to move his men out of West Beirut as a result of the presence of Israeli-backed Druze and Christian forces along the coast, he does not have a large enough territorial base to pursue independent policies of his own and is thus obliged to cooperate with other groups on the Muslim side in order to improve the position of the Shias within the limits of a reformed Lebanese political system. But to do this he has to obtain sufficient concessions from the other communal leaders to demonstrate to his more radical followers that this is a policy which will obtain tangible results. The fact that he was first offered only the minor post of Minister of Justice and of Hydroelectric Resources in Karami's first exercise in cabinet-making in early May was a slight which he could not possibly allow to go publicly unchallenged. His own counter-suggestion that he be made Minister of State for Southern Affairs was a shrewd move as it immediately improved his status and showed his

obvious concern for the fate of his coreligionists under Israeli occupation. However, such small victories only postpone the day when he will have to show his whole community that he is able to obtain a substantial improvement in their political position by peaceful methods. Some, such as the wealthy Shia merchants and bankers living overseas who provide much of his finance, will certainly want to give him time to work towards a negotiated solution; others, like the local representatives of the group which carried out the lorry-bomb attacks on the Marines and who are still active in kidnapping individual Americans in West Beirut, may not be quite so indulgent. Meanwhile, like Jumblatt, Berri is now faced with the day-to-day business of maintaining control over West Beirut in such a way that intercommunal strife is contained and that there is no premature attack on the Christian forces in the east by his own more radical elements.

But if the major Muslim communities were greatly affected by the Israeli invasion so too were the Maronite Christians. Initially, the fighting was seen as being only to its local advantage. But then, with the assassination of Bashir Gemayel and the increasingly equivocal Israeli response to the advance of the Lebanese Forces against the Druze in the Chouf, relations with Israel became more problematical. At the same time, a split in the Maronite camp developed between those like President Amin Gemayel who were being pressured by the Americans into a half-hearted accommodation with the Muslim groups and those like Fadi Frem who were beginning to develop an alternative political strategy based on the introduction of a scheme of administrative decentralisation or 'cantonisation' which, in the words of the Lebanese Front, would be 'a means to protect the rights and heritage of each community' and 'form the basis for the multi-ethnic, multi-religious society which is Lebanon'.<sup>7</sup> In fact, such a split has always been a possibility on the Christian side, with the Maronites, like similar governing minorities under pressure elsewhere, constantly veering between policies designed to maintain their control over the central administration and the national army and those aimed at providing them with more reliable security within just a small part of the country under their absolute control.<sup>8</sup> The fact that the Lebanese Forces now constantly refer to Karami's government as 'Syrian' or 'pro-Syrian' is clearly designed to call attention to the danger which it is thought to

<sup>7</sup> 'Whither Lebanon?' *Lebanon News* 7 (6) May 1984 p 1.

<sup>8</sup> For a good analysis of these trends see A H Hourani, 'Ideologies of the Mountain and the City' in R Owen (ed) *Essays on the Crisis in Lebanon*, London: Ithaca Press, 1976, pp 33-41.

represent to Christian interests. This has been followed by more detailed criticism of parts of the government's statement of intent read by Karami at the opening session of Parliament on 31 May as well as of the government's assumption of emergency powers for nine months, all of which are seen as aimed at reducing Christian control over both government and army.<sup>9</sup> While it is true that such fears have been regularly expressed ever since independence after World War II, the fact that the Lebanese Forces, which represents the most powerful parallel military and administrative organisation on the Christian side, now stands in direct opposition to those other Maronite leaders like Camille Chamoun and Pierre Gemayel who have agreed to serve in Karami's cabinet, suggests that the two trends may now, at last, be institutionalised in two separate centres of power. Nevertheless, a note of caution is necessary: the fact that the Lebanese Forces itself was only created by Bashir Gemayel in the late 1970s out of an amalgam of groups and militias, such as Pierre Gemayel's Phalange and Camille Chamoun's Liberals, indicates that its unity of purpose may not be as great as may seem at first sight, leaving the older politicians still with considerable room to manoeuvre.<sup>10</sup>

From what has just been said it is clear that the new government of Prime Minister Karami is faced with huge problems. Not only is there the bitter legacy of nine years of fighting and repeated foreign intervention, there is also the fact that certain, so far irreversible, processes have been set in train which are bound to make national reconciliation even more difficult. The first, hinted at in much of what has gone before, is the movement towards increased confessionalism. For the first two years of the fighting one of the many things which helped to hold the Lebanese together was the fact that there were so many ties which connected people of different religions, whether it was that they lived in mixed villages, worked in mixed enterprises or shared in mixed political activity. Even today, the fact that so many people seem anxious to make the dangerous journey between Muslim and Christian Beirut suggests that links which transcend simple confessional identity are still strong. Nevertheless, the war has involved large-scale shifts in population, making certain regions much more confessionally homogeneous while increasing the numbers of places which are virtual no-go areas for members of rival communities. The process began with the enforced evacuation of Palestinians and Muslims from East Beirut

<sup>9</sup> 'The government statement', *Lebanon News*, 7 (6) June 1984, pp 1, 4.

<sup>10</sup> For a history of the Lebanese Forces see Lewis W Snider, 'The Lebanese Forces: their origins and their role in Lebanon's politics,' *Middle East Journal* 38 (2) Spring 1984, pp 1-33.

in 1975 and 1976 and has continued not only in the Chouf, from which some hundreds of thousands of Christians may have fled from Druze areas in the past two years, but also in West Beirut which is now subject to a nasty terror campaign against some of its remaining Christian residents. As a result, there must now be many Christians living north of the capital who have not seen or talked to a Muslim since the fighting began. There are also regions like the Chouf where the few Christian allies of the Druze leaders, like George Hawi of the Lebanese Communist Party, travel under armed escort for their own protection.

Another process has been the concentration of both political as well as military activities in Beirut itself. But, in all kinds of ways, the capital has proved remarkably difficult to control. This has had its positive side in the resistance which the eastern sector put up to the Syrians in 1978 and the Western to the Israelis in the summer of 1982. But the same trend has also been shown in the way that it has been absolutely impossible to devise a way of maintaining a permanent truce along the Green Line, the more so as both sectors contain small radical groups, or simple *agents provocateurs*, who have their own special interest in breaking cease-fires and keeping things hot. In addition, the major militias tend to hold the other side responsible for attacks on its own civilians, often exercising a sort of mutual blackmail by which an artillery attack on a school or hospital is immediately met by retaliation against a similar target across the Green Line. Matters have become still more difficult as a result of the fact that the city itself has been the scene of almost every major political initiative designed to break the deadlock, from the passage of a package of major political reforms through Parliament in February 1976 to the recent efforts by Rashid Karami to obtain Parliamentary acceptance of his cabinet's new programme in June 1984. But on every occasion, efforts to try to call together new cabinets or to pass new legislation has been interrupted by sniping and shellfire, usually designed to put an end to such an initiative.

A last harmful process has been the tendency of the national army to split into its component confessional groups, each of which then starts to degenerate into something much more like an undisciplined militia. The first split happened with the mutiny in February 1976 when units loyal to Lt Ahmad Khatib joined up with Muslim/Left/Palestinian forces fighting against the Maronite militias in Beirut and along the Beirut-Damascus road. It happened again with the division in the new, American-trained, national army in February 1984, with many of the Muslim troops of the 6th Brigade stationed in West Beirut joining Amal

or the Druze, leaving the rump of the Christian-officered units to come more and more under the control of the Lebanese Forces in the east. The fact that most of the ammunition was stored in the eastern sector made the latter a particularly useful addition to Christian military activity, and the army's continued heavy shelling of the western part of the city has remained a constant feature of the repeated breakdown of cease-fire agreements since that time. It is no wonder that one of Prime Minister Karami's first pleas was that the various units of the divided army should simply go back to their barracks. As for the future, it is obvious that the reassertion of civilian control over this fragmented force is going to provide either him or his successors with one of their greatest headaches, the more so as there will be a growing pressure from the Christian side for a system of local confessional control over separately recruited units.

This then is the background to present efforts to obtain a peaceful solution to the conflict. The first stage was to obtain the agreement of the leaders of the Christian, Druze and Shia militias to a cease-fire along the Green Line to be supervised by neutral observers (including some Frenchmen) and under the overall control of a joint Security Arrangement Committee containing representatives of all sides. The next step was to get them all to agree to serve in Karami's cabinet of national unity. The cabinet itself then set up a small sub-committee to draft a ministerial statement to be presented to Parliament while Camille Chamoun, on his own, was given the task of preparing a blueprint for reform of the army, including the introduction of a six-man National Defence Council to replace the office of Commander-in-Chief. As far as the ministerial statement was concerned, its main provisions included a call for a new Constitution and for the elimination of political confessionalism in government other than for the highest posts. It was this statement, together with the grant of emergency powers, which was finally passed by Parliament on 12 June after lengthy debate.

But whether the communal leaders in the cabinet are really serious about this programme, or whether they will be given time to implement it, remains to be seen. For the immediate future, the question of preserving the truce and then of reorganising the national army will clearly occupy a great deal of attention, the more so as Muslims and Christians already seem divided on which of the two subjects to tackle first. Given the enormous difficulties involved, it seems unlikely that any of these problems can be completely solved in the short run and perhaps the best that the ordinary Lebanese can hope for is that the



cabinet remains in being as long as possible, not so much as a fully-functioning government but more as a standing committee on national reconciliation.

If the Karami experiment fails there would seem to be only three other major possibilities. The first is a much greater degree of Syrian military intervention on behalf of a reconstituted cabinet of the same type. As this would be certain to be bitterly resisted by the Lebanese Forces it could lead to a major escalation of the fighting and, probably, a renewed Syrian attempt to subdue East Beirut. Whether the present Syrian regime has the stomach for such a struggle is not at all certain, particularly as it might well produce counter-pressures on the Israelis to intervene more forcefully themselves in order to save their one time Christian protégés.

A second possibility would be an agreement between the actual leaders of the main militias—Frem, Berri and Jumblatt—to turn the present *de facto* cantonisation of Lebanon into a working political reality, perhaps under the umbrella of some deliberately weak central government. The Lebanese Forces already control a well-developed system of administration on the Christian side; it can only be a matter of time before Berri and Jumblatt are forced to duplicate its efforts. The problem here would be to know how to fit the Shias into such a structure since they obviously lack a viable territorial base of their own, at least until the Israelis leave the south. The question of how to divide control over Beirut would be almost equally as difficult, because it is there that the rival confessional groups would remain most in contact and where tensions would be most likely to get out of hand.

The final possibility is a move towards a further expansion of territory by Amal, perhaps under more radical leadership. In complex political situations such as in Lebanon one useful tool of analysis is the concept of 'movement' and the extent to which the different political groups contain a built-in momentum which drives them forward towards a great and greater expression of their power. In this context it could be argued that whereas the Maronites and the Druze have achieved a viable territorial base—and are thus more concerned with the preservation of the present status quo—the Shias have not yet done so and will be driven on by their own internal dynamic until they do. If they could be satisfied with the south this might just be enough. But an alternative possibility is that they will be driven to expand eastwards into the other half of Beirut, perhaps taking control over what is still left of the ministries and other organs of central government in the process.

For the moment any conclusions about the present condition of Lebanon and its future prospects can only be provisional; 1984 will clearly emerge as a year in which the Syrians tried their hand once again at rebuilding the shattered state. But, whereas the forces making for further fragmentation remain strong, little seems to unite the politicians engaged in the process of national reconciliation except a certain war-weariness and a common desire to rid the country of foreign occupation. Nine years of fighting have led not only to a progressive unravelling of the political and economic structures which brought Lebanese of all confessions together but also to a rearrangement of relations between the major communities—and within them—which is by no means yet complete.

Some idea of the main factors involved can be seen by taking another look at the basic features of the National Pact of 1943 which set Lebanon on its road to independence. This was the work of some (Maronites, Sunnis, Shias and Druze) but also of the reorganisation of a system of political confessionalism and economic *laissez-faire* from which they themselves would obviously be the chief beneficiaries. But the future stability of such a system depended on a number of basic conditions all of which were undermined over time by a combination of foreign interference and uneven domestic economic development. One was the continued cooperation of the Sunni and Maronite leaders; a second was their ability to maintain hegemony over their own communities; and a third was the inability or unwillingness of the leaders of the other communities, particularly the Shia and the Druze, to claim their own share of the benefits. All these conditions broke down in spectacular fashion in the 1970s as evidenced by the emergence of political movements which could no longer be accommodated within the old arrangements, whether the uneasy coalition between Palestinians, Leftists and some traditional Sunni leaders on the one hand, or the emergence of the Phalange as the major defender of a Christian enclave on the other. If there is to be any future stability it must surely be on the basis not only of the establishment of a new set of common interests between the leaders of at least four of the major communities (Maronites, Sunnis, Shias and Druze) but also of the reorganisation of the system of communal organisation which makes such leaders more accountable to their own followers, and thus more likely to speak and act in their long-term well-being. Meanwhile, the fighting goes on.



**Table 1: The Lebanese Cabinet of Rashid Karami, May 1984**

Rashid Karami (Sunni) Prime Minister and Minister of Foreign Affairs

Camille Chamoun (Maronite Christian) Minister of Finance and of Housing and Cooperatives

Pierre Gemayel (Maronite Christian) Minister of Post and Telecommunications and of Health and Social Affairs

Joseph Skaff (Greek Catholic) Minister of Information

Abdallah Rassi\* (Greek Orthodox) Minister of the Interior

Victor Kassir (Greek Orthodox) Minister of the Economy and of Industry and Oil

Adel Osseiran (Shia) Minister of Defence and of Agriculture

Nabih Berri\*\* (Shia) Minister of State for South Lebanon and Reconstruction

Salim El Hoss (Sunni) Minister of Labour and of Education

Walid Jumblatt (Druze) Minister of Public Works, of Transport and of Tourism

\* Refused to accept his post and his duties taken over by Joseph Skaff

\*\* Initially appointed as Minister of Justice and of Hydro-electrical Resources



## The Gulf War: the contest continues\*

The Gulf War between Iran and Iraq has been a very odd war. In its basic characteristics it is similar to other recent conflicts—it has caused great death and destruction, it has been prolonged, and it was unnecessary and it has become pointless—but in several of its aspects it is unusual to the point of oddity. Its very name, 'the Gulf War', is a misnomer because only in the forty-fourth month of the war was there any significant action on, or above, the waters of the Gulf. Belying its name this has been almost entirely a land war with many of the battles taking place hundreds of miles away from the Gulf. It could hardly be otherwise since Iraq's frontage on the Gulf is just forty miles wide, only enough to accommodate the mouth of the Shatt-al-Arab.

In few wars have the causes of the conflict been so obscured and misunderstood. Thus, it has become an assumption, an accepted fact, that Iraq began the war by attacking the international frontier in September 1980, and also that it was Iraq that began the blockade war, the real Gulf war, when it attacked ships using Iran's Kharg Island oil terminal in April 1984. Neither of these 'facts' is correct. No sooner had the 'revolutionary', 'Islamic' regime under the leadership of Ayatollah Khomeini seized power in February 1979 than it began its campaign to export its 'revolution', but in a form neither genuinely revolutionary nor truly Islamic. What it amounted to was an explicit and fiery appeal to the Shia populations in Iraq and the Gulf states to rise up and overthrow their Sunni rulers. Iraq was the country most acutely threatened by this subversive propaganda because more than half its population, perhaps 60 per cent, is Shia and concentrated in the southern areas, immediately adjoining the Iranian province of Khuzistan. And the Iraqi Shias had genuine grievances against the government in Baghdad, dominated by Sunnis, which, whether under the Hashemite monarchy or the Nasserist or Ba'athist republics, had given the Shias a very small share in power. This dangerous situation was made all the more explosive by the existence of a militant Iraqi Shia organization, led by Imam Muhammad

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Bakr Sadr, who had become a disciple of Khomeini during the Ayatollah's fourteen years of exile in the Shia holy city of Najaf. Al-Dawa began repeating, inside Iraq, Tehran's call for the overthrow of the Iraqi government and then moved on to acts of violence including the throwing of bombs. This campaign reached a climax in an attempt on the life of Tariq Aziz, the third-ranking personality in the Ba'athist hierarchy and now first deputy prime minister and foreign minister. It was then, on 2 April 1980, that the Iraqi ruler Saddam Hussein publicly proclaimed that he would take revenge which was, in effect, Iraq's declaration of war on Iran. Not content with fomenting internal subversion, Iran began the trans-frontier bombardment of the Khanaqin area in June and July 1980, inflicting civilian and military casualties. It was the Iraqi army that first crossed the international frontier but that frontier had already been violated, politically and militarily, by Iran. Iranian provocation was sufficiently dangerous to Iraq, if not to justify its counterattack, then at least to make it inevitable. Iraq began large-scale, formal hostilities but it was Iran that began the war. Iraq's legal justification was its demand for the rectification of the terms of the allegedly unequal Iran-Iraq treaty of Algiers, 1975, imposed by the then all-powerful Shah on Saddam Hussein. In return for ceasing Iranian support for a long drawn out Kurdish rebellion in northern Iraq, and the recognition of Iraqi sovereignty over certain small Iranian-occupied frontier enclaves, the Shah obtained Iraqi acceptance of Iranian sovereignty over the eastern half of the Shatt-al-Arab waterway.

This long-standing, almost chronic squabble over the Shatt-al-Arab is as petty and foolish as it is unnecessary for it could easily be settled by international arbitration. It dragged on because it reflected the centuries-old hostilities between the Semitic Arabs of Iraq and the Aryan Persians of Iran; they had never forgiven the Arabs for their conquest of the Sassanian empire, at the battle of Qadasiya in AD 637, a conquest that led to a change in the religion and language and culture of Persia. Also, though Iran and Iraq are ostensibly both Islamic countries, they are still divided by religion, because Iranian Shiism has added so many extraneous elements to Koranic Islam that it now amounts to a different faith. Iranian scholars have themselves said that 'Shiism is Persia's revenge on Islam'. No sooner had hostilities commenced than the much larger and stronger Iranian navy destroyed Iraq's two offshore oil export terminals at Khor Ummaya and Mina al-Bakr and subsequently beat off Iraqi attempts to repair them. The Iranians also imposed an effective blockade on Iraq's only port, Basra.

Since October 1980, not one barrel of Iraqi oil and not one ton of Iraqi cargo have moved down the Gulf. So when, in April 1984, Iraq began its aerial blockade of Kharg Island by attacking ships using it, it was merely retaliating for a forty-four-month-old Iranian blockade. If, despite the facts, it is almost universally believed that Iraq started both the war and the blockade battle, that is because of quite extraordinarily inept Iraqi propaganda: the media battle is one that the Iraqis lost from the very start.

The Gulf War is a military oddity because the type of fighting it has produced is a throw-back of seventy years, to the Western Front of World War I. Now, as then, the fighting has been done almost entirely by infantry, with a limited use of armour and even less use of the air force. As in Flanders, the land battles have been dominated by the use of an elaborate trench system, barbed wire, vast minefields, well-sited machine guns and massed artillery barrages. In its techniques this has been a thoroughly 'backward' Third World war: but not in its duration. Third World wars, like those between India and Pakistan and between the Arabs and Israel, have to be brief because after about a fortnight both sides run out of armaments. But the Gulf War, like World War I, has been prolonged because in between bouts of fighting there have been lengthy quiet respites and not just to permit reinforcement and resupply but, as it were, to recharge the will to fight. This has been particularly true of Iraq which all through has fought a half-hearted war with, militarily speaking, one hand tied behind its back. Having made a swift and fairly easy advance into Khuzistan the Iraqi army, under orders, made no attempt to seize the vital communication and oil pipeline junction towns of Ahwaz and Dezful: it was content to sit outside them on three sides, thus permitting oil to be exported to pay for the war and to continue flowing to the rest of Iran to fuel the Iranian war machine. This restraint imposed on the Iraqi army was due to a major political miscalculation by Saddam Hussein. He expected that the shock and the humiliation of the limited tactical defeats in Khuzistan would bring down the Khomeini regime in Tehran. It had exactly the opposite effect of uniting the Iranian people behind their leaders. At various times odd reasons have been given by the Iraqi political leadership for its strange reluctance to go for the Iranian jugular. From the earliest days of the war, in fact from 28 September 1980, twenty-four days after the war began, Saddam Hussein was saying that he wanted to settle Iraq's dispute with Iran by peaceful means: even if this was sincere it was certainly an incongruous sentiment, especially at that time. Then again

he said that Iraq did not wish to occupy more Iranian territory than was absolutely necessary because the more land taken, the more difficult it would be to give it back in a final settlement. The war has also been prolonged because, tactically, battles have not been fought to decisive conclusions. Time and again the Iranian army had advanced and broken through the Iraqi lines and had then been unable to exploit the opening for lack of men, but even more for lack of *matériel*—such as armoured personnel carriers or tanks or even artillery. Time and again, too, the Iraqis have been unable to counterattack conclusively against an exhausted enemy not for lack of men or *matériel* but because of over-cautious generalship. The political leadership, that is to say Saddam Hussein personally, having imposed a wrong-headed and unsuccessful strategic concept on the advance into Khuzistan, has also interfered in the detailed, tactical conduct of battles and skirmishes. The result has been that generals have always looked over their shoulders awaiting orders from Baghdad. And what is worse, savage punishments were inflicted on some unsuccessful officers, *pour encourager les autres*, but that has only had the opposite effect of making them hesitant. The Iranian generals, perhaps because they are much farther away from their political masters in Tehran, perhaps because the mullahs realised, at least in the early stages of the war, that they were militarily ignorant, have been allowed to improvise on the battlefield and showed some flair for doing so. Perhaps in this respect the American training that the Iranians received is superior to that given to the Iraqis by the Russians, who tend to leave little initiative to local commanders. The Iraqi war effort has been greatly hindered as much by political misjudgement as by amateurish civilian interference and naive and half-hearted scruples. The Gulf War is one more example that when in wartime civilian leaders—Stalin, Hitler, even Churchill—try to play at soldiers and to tell the generals what to do, their blunders only prolong the wars and make them more costly. In its more recent stages, the Iranian war effort also seems to have suffered from the interference of the martial mullahs.

The Gulf War has been an oddity because it has been singularly unpopular with world public opinion, which has reacted with 'a curse on both your houses'. In other wars, public opinion has taken sides hoping for one side to win and for the other to lose. But with very few exceptions, and with no exceptions among the immediate neighbours of Iran and Iraq, most people do not want either side in the Gulf War to win. Neither do they want either side to lose. They want both countries to go on battering away at each other, weakening each other indefi-



nately. This is because both Iran and Iraq, if they are not weakened and if they are not kept weak, are perceived as threats to the stability of the area and to the independence of the states in it. Iran, whether under Shah or Ayatollah, is suspected of having expansionist and imperial ambitions, a specific territorial claim to Bahrain for instance. To this has now been added the evangelistic zeal of the Shia mullahs who want to revolutionise countries in order to make their Muslim inhabitants better Muslims, according to the standards and practices of Shia Iran. The fact that the Shias are in a majority only in Iraq and in two areas in eastern and southern Lebanon does not in any way deter the Iranian mullahs. Iraq, too, has a territorial claim on a Gulf state, namely Kuwait, and it would like to overturn the existing princely regimes in the Gulf in order to bring to their peoples the benefits of democracy and socialism as interpreted by the Arab Ba'ath Socialist Party. But the Gulf Arabs just do not want to be 'saved', either by Iran or Iraq. Many of the other governments, especially if they are liberal democracies, dislike both the combatants because both seem to have an equally bad record on human rights. Both states are totalitarian, repressive and arbitrary, and both are unwelcoming to foreign observers, especially journalists: though it should be said that in these matters Iraq's record is noticeably better than Iran's. As for the two superpowers: if Iran brands the US as 'the Great Satan' and the source of all evil, the US thinks the same of the Ayatollah's regime. But it has also strongly disapproved of Iraq because Iraq is so critical of America's friendship with Israel that it refused to resume diplomatic relations broken off in 1971, because Iraq is friendly with the Soviet Union and says it is socialist, because it is militantly non-aligned and because it is seen as a threat to the conservative Gulf regimes of which the US approves. However, more recently, the US has tilted somewhat towards Iraq but only because militant Shiism, fomented by Iran, is seen as a bigger threat than before to US interests. From the start, the Soviet Union stigmatised this conflict as 'a senseless war' which should be ended forthwith, and it still does so. But because Iran is more important to the Soviet Union than Iraq, being Russia's immediate southern neighbour, and because the Ayatollah's regime tolerated the existence of Tudeh, the Iranian Communist Party, the Soviet Union for the first three years of the war favoured Iran over Iraq even though it had a friendship treaty with Iraq and was its sole supplier of arms: after all, the Iraqis had demolished their local communist party. Only when the mullahs finally turned on Tudeh and decimated it and continued to maintain their previous contempt and hatred for the

atheistic and materialistic regime to the north, only then did the Soviet Union join the US in tilting towards Iraq. What many countries feel towards Iran is fear and hatred, while towards Iraq there is very strong dislike. But some countries, Britain and the US in particular, seem to bear an almost personal grudge against Saddam Hussein and his country. They gloat over the failure of the claim he made in 1978-9 that Iraq was about to become the leader of the Arab world; he became too big for his boots, they felt, and they are glad to see him cut down to size and are prepared and even happy to contribute to that process.

It might have been expected that the Arab governments in general would have rallied to the flag of Arabism under which Iraq was fighting 'the Persians', which is how the Iraqis habitually refer to their enemy. But despite the fact that Iraq loudly, repeatedly and angrily reminded its Arab 'brothers' that it was not defending just itself but the whole Arab world against the alien aggressor, Arab support to Iraq was not forthcoming except in grudging and clandestine fashion. One of the main reasons for this Arab coolness is that Iraq did not consult with any other Arab government before embarking on the war; which it could not do so because the secret would not have been kept and the element of surprise would have been lost. Consequently, the understandable Arab reaction was that since Iraq had begun something on its own it could not, by right, lay claim to Arab help once things began to go wrong. Also, all the eastern Arab states have been uneasy, to say the least, at Iraq's barely-concealed ambitions to become their leader. The sole Arab exception in giving support to Iraq was, for a long period, Jordan, which had already developed close links, especially economic ones, with Iraq; and as a hereditary monarchy Jordan was a particular target for Iranian propaganda. Jordanian support was wholehearted: its port of Aqaba became Iraq's main marine outlet and several thousand Jordanian troops were sent, as 'volunteers' to the war zone, even though they may not have taken part in combat. About a year after the beginning of the war Egypt, at first secretly and then openly, began supplying Iraq with weapons from its large stockpiles of Russian-made arms. Sadat, who had been a particular friend of the Shah and who had been denounced as a traitor by the mullahs because of his peace treaty with Israel, had every reason to help halt the Iranian advance. Though grudgingly and in semi-secret, the Gulf states nevertheless provided Iraq with very considerable material assistance. Once Iraq's financial resources ran out it was the Gulf states, mainly Saudi Arabia, that paid for the Iraqi war effort, a total of at least \$20 billion in cash up to June

1984; plus direct payments for Iraqi imports, especially of foodstuffs; Saudi Arabia and Kuwait allotted up to 300,000 barrels a day from their oil production which was sold as if it was Iraqi oil; and, Arab ports in the Gulf were open to Iraqi transit trade in replacement of Basra. All this was done in spite of dire warnings of reprisals from Iran which is why the timorous Gulfis tried to keep things quiet. Iraq still complains that while it fights and sheds its blood all that the Arabs have done is to offer sympathy and money, which the oil rich states have in abundance. These accusations are neither wholly accurate nor very brotherly, but were made because Iraq knows that its Arab neighbours, like almost every other country, wanted the war to go on inconclusively or to end in an inconclusive, stalemated peace.

The border between Iran and Iraq is one of the few real frontiers in the world today where there is a clear, sharp divide between people belonging to different racial families and speaking different languages (after all there are only half a dozen racial families in mankind). There is a religious difference too on this frontier but this is blurred because there are Sunnis in Iranian Khuzistan and Shias in southern Iraq. Both Iran and Iraq in their propaganda try to vault this great divide to claim the allegiance of groups on the other side, on the basis of religion, for Iran, and on the basis of race and language for Iraq. They have both failed in their purpose because race, language and religion were defeated by a much newer force that proved even stronger. That force was nationalism, that is the feeling of the local people on either side of the frontier of loyalty to the national states of Iran and Iraq. Saddam Hussein calculated that once the army of Arab Iraq entered Khuzistan or Arabistan, as it is also called, the local Arabs, quite a few of whom still spoke Arabic in addition to Farsi, quite a few of whom were Sunnis, and who had been under Iranian rule for less than sixty years—and what is sixty years in the immemorial Middle East—that they would welcome the invaders as liberators. There was the further hope that they would actually join in the struggle to expel their Aryan Persian Farsi-speaking Shia rulers who had discriminated quite openly against the local Arabs and had excluded them not only from the apparatus of government but even from the ranks of the local oil industry. A few of the local Arabs did welcome the Iraqis and raised the Iraqi flag, but the vast majority of them simply sat back and watched and waited. They may not have actively aided the Iranian war effort but they did nothing to give aid or comfort to the Iraqis. What was it that distanced the Arabs of Arabistan from the Iraqi Arabs just across the frontier, even though many of them

still lived within the structure of the old Arab tribes? Most obviously it was language, because for the younger generation Farsi had become the first language. But far more importantly there was the feeling that, for better or for worse, their destiny as individuals and as a community was now entwined with that of the nation state of Iran. If Iraq had swiftly conquered the whole of Khuzistan, which it could have done, and had established a new local administration for 'Arabistan' the loyalty of the local Arabs might have swung over. But Iraq sanctimoniously hesitated to do anything suggesting that it was making territorial gains from an act of war and so the Arabs of Arabistan remained loyal to Iran, at least passively. This provides interesting evidence on how long it takes for a new national feeling to develop. In this case it seems to have taken two generations but evidently it can take less, thirty years even, as in the case of Syria and Lebanon, where a separate Lebanese national feeling, to be found in both Muslims and Christians, has come into existence. It may be asked whether in such cases, this is a new nationalist sentiment or merely a realistic calculation that a new complex of interests has developed between the citizens and their new state: jobs for the boys, for instance. This latter does not seem to have been the case with the Arabs of Khuzistan because if they had agreed to become citizens of Arabistan they would have found themselves in a favoured position, as the new masters in a new administration. Yet they preferred sentiment to economic and political benefits.

Iran's failure to vault the racial frontier was even more conspicuous because Iran's hopes were pinned on the master-idea of its revolution—the power of Shia solidarity. What is more, the Shias of southern Iraq are fervent in their Shia beliefs and are, like most Shia groups, well organised as a community under the leadership of Shia clerics, the most influential of whom were openly pro-Iranian. Unlike the Arabs of Khuzistan the Iraqi Shias are not a small minority living in a frontier province but are the majority of the population in an area containing Iraq's only port and second city and also the country's newest and richest oilfields. Their political grievances, their exclusion from power by the Sunni minority, were very real and serious. Yet, despite incessant propaganda appeals, which still continue on Iranian radio and television to the Iraqi Shia soldiers to desert to the Iranian lines and to the Shia population to rise against the Baghdad regime, the overwhelming majority of them have remained positively and actively loyal to Iraq. The soldiers remained steadfast even after the Iraqi army was pushed out of Iran and after the Iranians advanced into Iraq and forced the

Iraqis onto the defensive. Under this severe test, the southern Shias remained Iraqis first and Shias only a long way behind. Of course, what helped was that the Iraqi Shias knew of the narrow and brutal fanaticism of the Khomeini regime, and took into account the difference of race and language, but ultimately it was national loyalty to Iraq that kept Shia soldiers fighting and dying under the Iraq flag. Clear proof of the failure of Iran's campaign of religious subversion came in the autumn of 1983 when the Iranians began the bombardment of Basra, a mainly Shia city, which the Iranians had spared in the hope that the Iraqi Shias would revolt; when it became clear that they were not going to do that the Iranians punished their fellow-Shias.

Syria's policy of actively assisting Iran in its war against a brotherly Arab neighbour is further proof that calculations of national self-interest can cut clear across racial affinity, and even negate the principle of Arab unity, sacred to the Ba'ath Party which, allegedly but not actually, is the ruling party in Syria, as in Iraq. As much as the bitter doctrinal feuds between the two wings of the party it is the traditional competition for leadership between Baghdad and Damascus that has brought Syria into the Gulf War on the opposite side from Iraq. Syria even went to the extent of closing off the pipeline carrying Iraqi oil to the Mediterranean, which deprives Iraq of one-third of its oil revenue. Perhaps one reason for this most unusual alliance between Shia fundamentalists and Syrian secularists, who have brutally suppressed their own Sunni fundamentalists, is the fact that the ruling clique in Syria belongs to the minority Alawite sect which is one of the more heterodox offshoots of heterodox Shiism. Religious loyalties and religious enmities can still play some part in late twentieth-century Arab politics, but with lesser effect than nationalism.

The Gulf War has become a personal duel between the two leaders, Ayatollah Khomeini and Saddam Hussein. Unless one or other of these two men is removed from power by death or a *coup d'état* the war will go on. It is the vengeful Ayatollah who first injected this personal element into the conflict when he added to his several war aims the trial and punishment by execution of 'the war criminal' Saddam Hussein. There are not many wars in history in which the main objective was the elimination of a single leader on either side. That was not true of World Wars I and II or of the Korean War, or the Arab-Israeli or Indo-Pakistan wars, or of the Crimean and Franco-Prussian wars, or going farther back, of the Seven, Thirty or Hundred Years wars. Only in the Napoleonic wars, as their name denotes, do we find something of the

same personal objective. But even then it was one-sided: while the Allied Powers wanted to bring down Napoleon Bonaparte, for Bonaparte the Allied war leaders such as Nelson, Wellington, Kutuzof or even the Younger Pitt, were not his personal enemies. This continuing and increasingly important personal element has tended to obscure the fact that the war objectives of the two sides have undergone a strange change. Those of Iran have become more numerous—the removal of Saddam, of the whole Ba'athist regime, payment of compensation, the return of Iraqi Shia exiles, Iraq's war aims have become fewer: gone is the insistence on Iraqi sovereignty over the whole of the Shatt-al-Arab and the return of frontier enclaves. Iraq's only objective now is not to be conquered, and to survive. Iraq would be happy to return to the 1975 treaty made with the Shah which it repudiated on the first day of its advance into Iran, only provided that all its clauses were implemented. Which is why this war has become uniquely unnecessary.

The Gulf War has been a curiously static conflict in which the line of battle has not moved more than twenty miles, back and forth, from the international border. This has been so because neither side has made use of the two weapons essential for a *blitzkrieg* and a war of movement—the tank and the aircraft. Despite the vast numbers of both that the Shah had stockpiled, the revolutionary regime found that for many reasons it could make use of comparatively few; there was the purging and demoralisation of tankcrew and aircrew, the inability to locate the right spares in the huge inventory, lack of maintenance, and sabotage. The Iraqis did not have these problems, and yet they have not used their superior tank and air strength because it has been the strange Iraqi doctrine that these expensive weapons must not be lost in combat, perhaps even at the risk of losing a battle, or the war itself. With a four-to-one superiority in planes, the Iraqi Air Force ought to be able to dominate the skies not only over the battlefield but over Iraq itself, and to be able to wreak havoc on the Iranian forces massing for one of their human wave offensives. But that has not happened because it is known that the Iraqi Air Force pilots have strict instructions not to bomb from lower than 15,000 feet, at which height bombing is a hit-and-miss affair. And this ban seems to be aimed at saving planes even more than saving pilots, though the Iraqis are not short of planes and do not need to be so extremely sparing of them. Some aspects of Iraq's conduct of the war are simply inexplicable. If the air force has been the great absentee on the Iraqi side, the conspicuous absentee on the Iranian side has been the

regular army, but that absence is easily understandable. The mullahs do not trust the regular soldiers who trained under the Shah, nor do they want to give the army the credit and prestige of a military victory that might induce them to push aside the now-unpopular mullahs. This is why the mullahs have replaced the regular army with new specially created forces loyal to them, the Pasdaran or Revolutionary Guards and the Basij or Volunteer Corps of the very old and very young. Inexperienced and untrained, the only tactic of which these forces were capable was the human-wave assault. Militarily, this has been an unbalanced war with masses of men attacking masses of war machines, but not the two machines that could have been decisive, the tank and the plane.

The war has been unbalanced in another rather strange way. One of the combatants, Iraq, has never had the ability to defeat its enemy militarily, on the field of battle. Even if the Iraqis had defeated the Iranians decisively in Khuzistan that would still have not brought about the military collapse of Iran because there was no way in which Iraq, with its limited number of soldiers, could have exploited that victory; it has never had the human or military resources to advance deep into Iran or to dictate a peace in Tehran. Overall victory for Iraq was possible only if military developments were able to bring about a change in the Iranian regime; if, for instance, economic hardship produced by the war caused internal elements to change the political leadership. Thus, an Iraqi victory could only be an indirect one—through dissident Iranians. On the other hand, theoretically, Iran could defeat Iraq militarily on the field of battle and could impose a peace dictated in Baghdad itself. For Iran, the Gulf War, however strongly and painfully it impinges on the national life, is still a rather remote border conflict, far from any of the principal Iranian cities. But, for Iraq, the war has always been fought uncomfortably near to its communications network and to almost all its main centres of population. Because of this acute geographic imbalance the Iranians could always trade space for time, but for the Iraqis with their backs against the wall all the time, every battle, every Iranian advance however small, is of crucial importance.

Seldom has there been a war in which the attitude of the two sides to its continuance has been so unbalanced. From the first week Iraq has been longing to end it and of late has been positively desperate to have done with it. It is Iran that has been implacably determined to carry on until, as it sometimes says, its soldiers have liberated the Shia holy cities of Najaf and Kerbala deep inside Iraq. And yet the Iraqis, who want to

stop the war, are the ones who have suffered fewer casualties and fewer privations because of the Iraqi governments mistaken policy of 'guns and butter'. While the Iranians want to continue, even though their casualties are very high, they have a million refugees from Khuzistan to look after, and several necessities of life have been in short supply for a long while now. It is because of the long-suffering endurance of the Iranian people and the obduracy of the Iranian leadership that every attempt to end the war by mediation has failed. There have not been many wars in which so many peacemakers—the UN, the Non-Aligned group of countries, the Islamic Conference Organisation, and several countries individually or collectively—have been so active and to so little avail.

A final oddity, and a particularly large one, is that while the two superpowers say that their interests are deeply involved in the Gulf War, their role in it has been one of peripheral impotence. They had nothing to do with the beginning of the war and they seem wholly incapable of bringing it to an end. The US interest in the Gulf War is deep but indirect in that while it receives only three or four per cent of its oil from the Gulf its 'free world' partners receive twenty-five per cent of theirs and Japan, for instance, as much as sixty per cent. Apart from concern for the 'free world's' oil supply, the US more recently has been as much concerned to contain what it imagines to be the threat of militant Shiism. Soviet interest in the Gulf War is obvious: Iran is her southern neighbour and she still has with Iran a treaty that gives the Soviet Union a right to intervene in northern Iran if forces unfriendly to her enter southern Iran. It was a scare about the Gulf being threatened by the Soviet presence in Afghanistan that led to the formation of the Rapid Deployment Force (now more innocently called the Central Command), and when the tanker blockade crisis developed in May and June 1983, a US naval task force was moved nearer to the Strait of Hormuz. But when the possibility of actual US military intervention arose a plethora of reasons was provided why such intervention would be unwise, if not impossible: Aircraft carriers, it was said, would be most vulnerable in the narrow, shallow waters of the Gulf, their planes had too short a range to be effective if the carrier was beyond Hormuz, therefore the US needed land bases in the Gulf states, but these were not available because the Gulf Arabs did not want any sort of military association with the US, the ally of Israel. In any case, there could be no US intervention without a formal, public invitation from the Gulf states, which would also not be forthcoming, and also the US would only



intervene in concert with allied powers such as Britain or France: but they let it be known that they did not want to act together with the US after the fiasco of the multinational force in Lebanon. All these reasons, effectively, left the US on the sidelines unable to do anything more than urge the Saudis to take action against the aerial threat from Iran: the Saudis did finally shoot down an Iranian plane and promptly described the incident as 'strange', 'unfortunate' and 'not to be repeated'. Curiouser and curiouser. Both the US and the Soviet Union for quite some time refused to sell arms to the combatants who, nevertheless, managed to receive enough of them to keep the war going. The superpowers could not even apply an effective arms embargo on the weapons they themselves manufactured. Now the Soviet Union is somewhat more directly involved in the war in that it has resumed selling arms (for cash, of course) to Iraq. But that resupply could have a decisive impact on the course of the war only if the Soviet Union provides Iraq with new weapons (medium-range missiles, perhaps) of such power and accuracy that they destroy Iran's ability to export its oil and so to finance its war effort. And the Soviet Union does not seem over-anxious to give Iraq such dangerous weapons. Even if the Soviet Union does give Iraq weapons of that effectiveness and with them forces Iran to talk peace, the Soviet Union, from its experience with Egypt, knows that gratitude to the providing power does not necessarily follow. The US was able to mediate in the Arab-Israeli conflict and bring about disengagement agreements and the Camp David accord; while the Soviet Union could help bring about the end to one of the Indo-Pakistan wars through the Tashkent Agreement. Neither superpower has any capability or hope of repeating those performances in the Gulf War, which has taught the superpowers the strict limits that there are to their 'superpower'. And that is just one of the strange aspects of the odd Gulf War.

## Observing El Salvador: the 1984 elections\*

An election is not just the act of setting up a network of polling stations and then inviting the electorate to visit them to put their cross against a choice of names or symbols. An election—or, at any rate, a 'free and fair' one—is a process of political debate and education over many weeks, months or, in the case of the most self-regarding democracy, years, culminating in the act of voting for defined choices.

In El Salvador in 1984 most of those observers who reported concentrated on the polling process alone to the exclusion of all else. Admittedly some had no possibility of wide coverage, since they arrived on Saturday afternoon, stayed for the polling day on Sunday and left for home on Monday.

The purpose of my two visits to El Salvador during the campaign, and of this report, is to see the election in its wider context—the context of the choice offered, the political content and conduct of the campaign, and the current circumstances of the country in which it was fought. I believe that only by seeing the election in that perspective will its significance or lack of significance be appreciated.

In March 1982 there was an election in El Salvador for a constituent assembly; to which the British Government sent two observers, Sir John Galsworthy and Professor Derek Bowett. Reflecting on the high turnout, they concluded, 'The People of El Salvador conceived the election not as a solution in itself but simply as a first and essential step towards a resolution of their problems, and by their emphatic endorsement of the election they intended to demonstrate that they wish to resolve their problems by democratic processes and not by violence'.<sup>1</sup>

If these were the intentions of the people of El Salvador, then the experience of the two years between that election and the presidential elections of March 1984 must be counted bitterly disappointing. In their recent elections, the Salvadoreans were offered the same choice as two years ago, between the extreme right led by Major Roberto D'Aubuisson

\* This article is based on the report made by Lord Chitnis on behalf of the British Parliamentary Human Rights Group.

<sup>1</sup> Cmnd. 8553 (1982), London: HMSO.

of the ARENA (Republican National Alliance) party, and the Christian Democrats led by José Napoleón Duarte. The sense of *déjà vu* is compounded by parts of the report of the new pair of official British observers, Sir James Swaffield and Dr David Browning, who, like their predecessors two years earlier, concluded: 'The 25 March election should be viewed as one event in a series of political reforms recently introduced in El Salvador. While in itself the election does not provide a solution to the country's problems, its conduct and the degree of popular participation do indicate that the majority of Salvadoreans do reject the extremist groups of Left and Right who seek their political ends by means of violence and terrorism'.<sup>2</sup>

Economic crisis, civil war and human rights violations were both the setting and the issues of the 1982 and 1984 elections. In the intervening two years, there was no progress towards a solution to any of these crucial problems. In these circumstances it is surprising that so little time and energy has been given to an examination of the record of those who have been in power for the last two years, and so much to vague promises about the future, and to mutual abuse. The record itself is dismal.

According to Tutela Legal (the Office of Legal Protection of the Catholic Archdiocese of San Salvador), there were 11,016 deaths and disappearances at the hands of the security forces or right-wing paramilitary groups in the period between 1 April 1982 and 31 December 1983. The victims were all non-combatant civilians and the killers were in the majority of cases uniformed members of the Salvadorean armed forces.

The economy remained stagnant during 1983. Coffee and cotton production fell and industrial output contracted by 5 per cent. Disruption caused by the war reduced by 50 per cent the utilisation of industrial capacity. Unemployment reached between 25 per cent and 40 per cent of the work force. US aid (economic and military) since October 1982 amounted to US\$962.9 million. In the fiscal years 1983 and 1984 (October 1982 to September 1984), economic aid was US\$346.1 million and military aid US\$227.8 million, including US\$61.7 million approved by the US Congress in May 1984.

In the fiscal year 1983, one-third of the Salvadorean government's budget was underwritten by the United States. The largest component was US\$120 million allocated to the private sector to enable

<sup>2</sup> Cmd. 9233 (1984). London: HMSO, p 16

businessmen to import capital and intermediate goods from the United States. Following persistent reports that money from this programme was finding its way into private accounts in Miami, an audit carried out by Arthur Young and Co., concluded that the Central Bank's unit for checking transactions funded by this programme was 'understaffed, inexperienced and had no work plan', and that the staff 'might be susceptible to pressure and possible intimidation even if they do discover invoices that have been overstated'.

In the civil war, the FMLN guerrillas extended their territorial control and made some audacious and damaging raids on military and economic targets. The scale and accuracy of aerial bombing of the guerrilla-held areas increased with the use of American electronic surveillance aircraft flying round-the-clock missions. Neither the guerrilla advances on the ground nor the government's war in the air, however, promise an early military conclusion to the war.

Political developments since March 1982 are more the result of bargaining between the Reagan Administration and the Salvadorean armed forces than any discernible democratic processes. If the Constituent Assembly as elected in March 1982 had had its way, Roberto D'Aubuisson would have been nominated provisional President of El Salvador. As a result of pressure from the US Embassy, however, Alvaro Magaña, a banker whose name had not been mentioned and who had played no part whatever in the election campaign, suddenly appeared as the country's provisional President. Roberto D'Aubuisson was named President (Speaker) of the Constituent Assembly. Sr Magaña shared formal power with the Constituent Assembly which, as a result of divisions within the National Party of Conciliation (the traditional party of the right in El Salvador before the creation of ARENA) teetered between a bare majority for the Christian Democrats and their allies and ARENA and its allies.

El Salvador continued to be a focus of international interest. In November 1983, only twelve countries voted with the United States and El Salvador against a resolution of the United Nations expressing 'deep concern' at the violation of human rights in El Salvador. All the countries of Scandinavia and the European Community voted for the resolution, with the exception of Britain and West Germany which abstained.

The Heads of Government of the European Community reiterated their concern for Central America when they met in Stuttgart in June 1983. They said that they were convinced that 'the problems of Central

America cannot be solved by military means, but only by a political solution springing from the region itself and respecting the principle of non-interference and inviolability of frontiers'. The most outspoken European leader was President Mitterrand of France, who at the end of August 1981 produced a joint declaration with President López Portillo of Mexico, known as the Franco-Mexican declaration, which recognised the FDR/FMLN as 'a representative political force' and called for negotiations.

The Contadora group of countries—Colombia, Mexico, Panama and Venezuela—which is seeking political and negotiated solutions to the conflicts in Central America, have El Salvador on their agenda, but had achieved little as yet, since the Salvadorean government refused to recognise the FDR/FMLN in any form and regards the good offices of the Contadora group as interference in the internal affairs of El Salvador.

Nevertheless, criticism of the Reagan Administration's policy towards El Salvador was building up both in the United States and abroad. The Catholic Bishops' Conference of the United States, in a statement issued in March 1983, called on the US government to abandon '... the fantasy of believing that one more year of military struggle in an already devastated nation will be in our interest or that of the Salvadoreans'.

The interest of the US Government in the organisation and completion of the presidential elections was intense. The US Agency for International Development made a grant of US\$3.6 million to the Central Electoral Commission of El Salvador to enable it to purchase computers and other election equipment. The warm reception given by the US Congress to President-elect Duarte in May and the approval of a further US\$61.7 million in military aid were the immediate dividends of the elections. Duarte for the time being was given the benefit of the doubt by the US Congress. Whether he will be able to bring positive change to El Salvador, however, must remain an open question.

### **The Social Context**

The tiny country of El Salvador has a population of just under 5 million which is predominantly young, and has a high birth rate, 2.9 per 1000. The real significance of these statistics lies in urban overcrowding which has been exacerbated especially in San Salvador and its ring of shanty-towns. With increasing numbers of refugees (the majority of whom are young), lack of basic provision, and all the related health problems, it

seems inevitable that the winner of this, or any other election in El Salvador, will have to face a problem of overpopulation which will be insuperable, even in a peaceful country.

Spiritual poverty is reflected both in the lack of cultural facilities, and the censorship and trivialisation of home and foreign news. The radio, when not broadcasting commercials, carries popular music exclusively, and television transmits imported American programmes.

The atmosphere of violence can be illustrated by a small display advertisement in the newspapers reading: 'To the kidnappers of . . . We cannot continue to negotiate without assurances that he is well; ring the original number', while in the news columns there was not a single word about the story. The same papers carry threats by death squads and suicide squads (sometimes to each other).

The disparity between rich and poor is all-pervasive. While the rich of San Salvador can find plenty of entertainment for themselves and their children (expensive restaurants and discotheques abound in San Salvador), at open air restaurants it is common to see poorly-clothed children pleading over the railing with diners to let them have the left-overs from their dinner plates.

### **The Human Rights Context**

It is difficult to comprehend the massive scale of human rights violations in a tiny country of only 5 million. The government's official Commission on Human Rights says that in 1983 there were 1,688 non-combatant deaths and 419 kidnappings. Tutela Legal, which is run by the Archdiocese of San Salvador, and whose figures are internationally respected, attributes 5,209 killings (67 attributed to the guerrilla forces) and 938 kidnappings/captures (of which 535 are counted as disappearances) to the same period. The executive director of the government's official commission, Señor Benjamín Cestoni told me that his efforts directed to finding disappeared people had a success rate of rather less than 50 per cent—mainly these persons were found in the custody of the army and the security forces. He admitted (interestingly for a government official), that the guerrillas were responsible for very few disappearances—only 48 since his Commission had been set up in late 1982.

On the issue of human rights violations by the army, María Julia Hernández, the formidable director of Tutela Legal, told me that about 500 soldiers had been disciplined, although she said that this was because they were 'bad soldiers first, and human rights offenders

second', and, in any case, had only been subjected to military discipline and not to a formal trial. More generally, whereas killings and disappearances had dropped off after the visit by Vice-President Bush in late 1983 (when he had lectured the Salvadorean authorities about human rights abuses) the level was now back to that of 1981-2. Army officers who had been exiled after that visit for human rights offences had now returned, with some back on active service.

My talks with Fredy Delgado, the chairman of the government's human rights commission, revealed his inability to effectively investigate army-related disappearances, for fear of being killed himself—an impression of genuine weakness rather than active collusion in covering up human rights violations. Other telling experiences included a visit to the office of the Committee of The Mothers of the Disappeared, a 700-strong refugee camp in Santa Teda, and the Mariona prison, near San Salvador, where many political prisoners (476 at that time) have been beaten up in the past by the army. The occupants of all three laughed at the significance of the elections. The atmosphere of terror and despair, of macabre rumour and grisly reality, as evidenced by these experiences, puts the elections in El Salvador in perspective.

### **The Military Context**

The devastation of the war in the north and east of El Salvador has caused a mass exodus, leaving the land barren and uncultivated. Amidst a wilderness of blown-up electricity and telegraph poles, random bombings and shellings continue to cause appalling casualties, while press-ganging by the army, no matter how young the victims, is frequent, leaving few men of working age to be seen in these country areas.

El Salvador is divided in two by the Río Lempa, which is crossed by two major bridges; both of these have been blown up by the guerrillas. Temporary arrangements have been made to enable traffic to cross between the two halves of the country, in one case by using an alarmingly rickety railway bridge, and in the other by the erection of a \$7 million Bailey bridge, which will, however, be useless if there is a heavy rainy season. This, the blocked and mined roads everywhere but the capital and the west, the refugees who have fled the war zones, and the sabotaged power-lines make the war and its consequences for the vast majority of the population an omnipresent fact of life.

As to the question of indiscriminate bombing, the US embassy told me that it did not approve, and that where US advisers had been stationed, the practice, if it had happened before, had stopped.

However, the sympathies of one adviser whom I met, left me wondering how scrupulous he would be in the conduct of what he clearly saw as an anti-communist crusade.

How scrupulous is the Salvadorean army? A common fallacy is that the terror in El Salvador derives mainly not from the armed forces but from the death squads, who are pictured as shadowy civilians, unknown outlaws. The British observers repeat this assertion in a diluted form, saying that, according to Tutela Legal, '... the majority of cases [of assassination] are the work of right-wing extremists with the covert support of elements in the army, the police and the civilian population'. A large proportion of the civilian deaths over the last five years have been those of people detained by the army, police, National Guard or Treasury Police and then found dead minutes, hours or days later. Indeed, according to the 1983 Annual Report of Tutela Legal, of the 5,142 non-combatant deaths during 1983, 3,883 are attributed to the official security forces, including the army, and 1,259 to squads. Many of those killed by the army die in sweeps and bombings directed at the civilian population. To put the emphasis on the death squads is to disregard the fact that the government's conduct of the civil war is the major cause of violent death in El Salvador today. This is not to underestimate or deny the horrific problem of the death squads to which Tutela Legal's figures bear testimony. To concentrate on the death squads, however, can lead to an underestimation of the population's justified scepticism and distrust of the entire fabric of the military and security apparatus.

The observers' comments on the impartiality of the army and its neutral role in the election should be seen in this context. However innocent and correct a soldier's presence may be at the ballot station, to many poor Salvadoreans his mere presence is threatening. It should be remembered also that shortly before polling day in the second round, senior officers in the army wrote a letter to both candidates. This letter was widely reported to have asserted that any elected president should not interfere in military affairs after his inauguration—a declaration of independence rather than neutrality.

It is somewhat disingenuous to say, as some do, that political prisoners, held and acknowledged as such, are safe. While this is true, readers should also be made aware that over a four-year period during which there have been over 40,000 politically motivated killings by the security forces and the death squads, officially recognised political prisoners have never numbered more than 1,000, and that the majority



of people detained by the armed forces disappear or are killed and do not become political prisoners. It should be pointed out also that the prison system is run, not by the army, as many believe, but by the Ministry of the Interior.

### **The Political Context**

The political context of the election had certain simple verities and some complicated rules. First, and crucial to the whole standing of the exercise, was the fact that no politicians to the left of the Christian Democrats (PDC), and not all of them, were free to contest the election. According to the official British observers: 'However firm the assurances given by the Salvadorean government to guarantee their safety, had these representatives campaigned openly they would have run a very high risk of being assassinated by those extremist terrorist elements in Salvadorean society which the government appears unable to control'.<sup>3</sup> Secondly, after the first round had eliminated the also-rans, the choice before Salvadoreans was simply whether to elect as their president, José Napoleón Duarte or Roberto D'Aubuisson.

José Napoleón Duarte was born in 1925 and has been in politics for twenty-three years. In 1972, when he was the Christian Democrat mayor of San Salvador and an outspoken advocate of reform, he won the presidential election but was cheated of his victory by massive fraud organised by the army. He tried to organise a coup, failed, was arrested, tortured and sent into exile. He returned to El Salvador in 1979, and in April 1980, after all its previous civilian members had resigned in protest against continuing human rights violations, he became president of the military-civilian junta which was formed after the 1979 coup. During his presidency an agrarian reform was set in motion and the nationalisation of the banks and foreign trade was begun, but the political killings increased and the civil war intensified. The Constituent Assembly elections of March 1982 were intended to demonstrate the effectiveness of the reform strategy, but ARENA, with the help of smaller right-wing parties, won control of the Assembly, and only strong pressure from the United States ensured that Alvaro Magaña, was elected national President rather than Roberto D'Aubuisson.

Roberto D'Aubuisson, 41, founded the extreme right party ARENA in August 1981 on an anti-communist platform. He graduated from the Salvadorean Military Academy in 1963 and worked in military

<sup>3</sup> *ibid.*, p 5.

intelligence. In October 1979 he was cashiered from the army for his extreme political views and dubious record in human rights. A spell in Guatemala in 1980 taught him something about counter-insurgency tactics and the use of terror as a political weapon. Robert White, formerly US Ambassador in El Salvador, has publicly accused D'Aubuisson of being the founder of the right-wing death squads and has linked him with the murder of Archbishop Romero. He has twice been refused an entry visa to the United States.

The election between these two Salvadoreans was carried out in the aura of the American presence and influence in that country. Economic and military aid was readily available from the Administration, although the growing doubts in the US Congress about where this policy was leading overshadowed the elections and heightened the stakes in terms of American domestic politics. The overwhelming US presence is evident in the amount of space given in the newspapers to the US Ambassador, who is treated with the deference that used to be accorded the ex-colonial Governors-General. In January 1984 the National Bipartisan Commission on Central America chaired by Dr Henry Kissinger had published its report, in which it endorsed the Salvadorean government's intention to hold elections and called for 'adequate levels of economic and military aid which can in turn produce pressure for a politically negotiated end to the fighting'.

As far as the policies on which the political parties who were fighting the elections were concerned, both parties claimed to have the usual comprehensive kit of proposals to deal with the economy, land reform, social affairs, housing, education, and so forth. A patient and literate voter could with difficulty find that all these were on the record, but for most of the electorate, any serious discussion was drowned in the battery of abusive and insulting slogans which dominated broadcasting and the pages of the press. From those, though, one could glean the real truth, which is that the main implicit difference between the two candidates was their attitude to the war. This is where the complicated rules come in.

Words have to be used carefully in El Salvador. It was explained to me that 'negotiations' when used by a politician, did not mean negotiations but power-sharing. This was absolutely out of the question, it was stated, for any politician standing in this election. 'Dialogue' meant talks or talks about talks, or talks about talks about talks, with the FDR. The atmosphere within which the two main candidates campaigned was that under highly ill-defined conditions and in certain

outspoken circumstances Duarte might conceivably be prepared to consider dialogue while D'Aubuisson wanted to go all out for military victory untrammelled by foreign meddling, that is, by considerations of human rights.

Indeed, and quite understandably, the war is what engaged most Salvadoreans' minds as they approached their political decision. Compared with 1982, when numerous brainwashed voters believed that electoral participation might bring peace, there was now almost universal scepticism that a victory for either candidate would produce peace.

### **The Early Campaign**

On my first visit to El Salvador in mid-January, with the first round still two months away, a vigorous campaign was already under way. The painted slogans on walls, pavements, streets and roads were already mingling with those left over from 1982—a presence which will disfigure El Salvador for years to come. Already in January, television and radio commercials were going full blast—strident, abusive, and of extraordinary length. Party advertisements in the newspapers were to make the press virtually unreadable as the campaign progressed. Rare public speeches and debates by all six candidates were expensive to attend, and unutterably boring in presentation.

It was clear that ARENA had improved its already good organisation since 1982, and that Roberto D'Aubuisson had acquired greater political skill, notably at public speaking. The combination of this, the party's vigorous attitude to the war, and the gutter-level of their attacks on Napoleón Duarte made them the news story of the campaign and forced the Partido Demócrata Cristiano (PDC) on to the defensive (and into justifying its admittedly compromised history). Of the six other candidates standing, three ultimately obtained no more than 83,754 votes between them. They were Dr René Fortín Magaña of the Partido Acción Democrática, Francisco Quiñones Avila of the Partido Popular Salvadoreño, and Colonel Dr Roberto Escobar García of the Partido Auténtico Institucional Salvadoreño. Subsequent to my visit, the candidates were joined by Dr Juan Ramón Rosales y Rosales of the Movimiento Estable Republicano Centrista and Gilberto Trujillo of the Partido Orientación Popular. But it was quite clear even at this stage that the ~~only~~ significant parties were the PDC, ARENA, and the Partido de Conciliación Nacional (PCN) headed by Francisco José Guerrero. (A story picked up by foreign journalists and clearly much

believed, was that the US Embassy was backing PCN to defeat ARENA and come second in the first round and then defeat Duarte in the deciding round, PCN being a party which it was believed, despite its history, could unite all Salvadoreans, at least those on the right. Not surprisingly this was denied to me by Ambassador Pickering.)

### **The First Round**

In the first round (at which I was not present), the British observers firmly record their belief that the FDR/FMLN could not have presented candidates in the election because of the very high risk of assassination. The suggestion advanced by them, however, that the FDR/FMLN symbol might have been included on the ballot paper is very difficult to take seriously—indeed it is almost on a par with the advice proffered by the Central Election Council in March 1982 that the FDR opposition should campaign from outside the country. While this might allow a few voters to let off steam, if unaccompanied by an political campaign, any result obtained under such a system would not be a true indication of the level of support for those parties. Voters could also spoil their ballots, as many did. The precise number is difficult to judge because the category under which such votes were included—*nulos*—contained not only defaced papers but also those which were declared null and void because of some official or technical irregularity. It is worth recording, however, that some 10 per cent of papers were registered as either blank or *nulos*.

The observers also gloss over the very real problem posed by the non-participation of the FDR/FMLN. Even accepting their view of real and significant differences between Napoleón Duarte and Roberto D'Aubuisson, the fact of D'Aubuisson's promises to rid the country of 'subversives' and 'communists' (who are in his view barely distinguishable from Christian Democrats) would probably induce Salvadorean voters to engage in tactical voting simply to keep D'Aubuisson out. The duel choice, however meaningful, excluded the radical alternative which would have been presented by the FDR, leaving the election a contest of vague promises and inferences by two candidates who already bore a heavy responsibility for the situation in which El Salvador finds itself today.

The observers record that assassinations and intimidation by both parties continued throughout the election campaign. The FMLN was said to have confiscated people's identity cards (*cédulas*), and continued to mine roads and bomb power generators to obstruct the voting. The

vigorous efforts made by those voters whose *cédulas* were confiscated by the FMLN shows either a determination to participate in the election, or simply a determination to obtain a marked *cédula*. Finally, the observers express tolerant understanding of the procedure whereby votes were taken regardless of the omission of the name from the register as the chaos of polling day progressed. Had the election been more closely contested than it was, this practice, if widespread, could have invalidated it. Efforts in the second round to improve the procedure, through the scrapping of the register and computer, and the marking of voters' fingers to prevent fraud, made little headway.

After the first round, attitudes to the second had to be struck by the losing parties. What most of them did was relatively insignificant given their poor showing in March, but most of them declared their support for D'Aubuisson. The only crucial decision was the one to be taken by the PCN who had polled 19.31 per cent. Had they unequivocally endorsed D'Aubuisson, his chances of a victory would have been vastly improved. In the event, after much negotiation, which included the promise to PCN by Duarte of cabinet posts in an eventual government, PCN announced its neutrality. The results on 6 May suggest, though, that the majority of its supporters voted ARENA.

### **The Second Round**

I arrived in El Salvador on Saturday 28 April to observe the second round of the election on 6 May. Naturally, the volume of propaganda had increased vastly since my January visit. The street daubings and posters were omnipresent, accentuated by the fact that the losing parties in March had not bothered to take theirs down. The tone of the propaganda had become even worse. The Christian Democrats had numerous small advertisements in the newspapers saying that a vote for ARENA was a vote for death. ARENA countered by asking 'Who is the false Messiah and the authentic Judas? Duarte, answer, you traitor to our country'. As lucrative as this was to the press, there was so much propaganda and advertising that voters became accustomed to it and simply ignored it. With neither candidate holding any public meetings (due probably to security fears), Dr Armando Rodríguez Eguizábal, the President of the Electoral Commission, agreed with me that the violent tone of the propaganda left the electorate with few illusions that the election was about peace.

I visited both party headquarters. At the ARENA office, security was less oppressive than in 1982, but there were all the signs of the efficient

organisation which the party had built up over the previous two years. Colonel Ramon Suvillaga, a senior officer of the party, strongly asserted ARENA's patriotism, nationalism and support for a free economy and accused the Christian Democrats of being internationalist (this was a criticism) and of paving the way for communism, as he said they had done in Chile. If the communists took over, he said, then the disease would spread northwards to Texas and southwards to Cape Horn. He accused the Christian Democrats of widespread fraud in the 1982 election, and cited circumstantial evidence that they had been involved in at least one political assassination. The crowded Christian Democrat building being used as Duarte's private office was kept afloat mainly by the very efficient organisation of his daughter. At a time when he was confident of victory, two days before polling day, he claimed to me that with only minor exceptions, both the Army and big business would accept the result. He made a particular plea that economic aid should be given from Europe to El Salvador, not only because it was desperately needed but also because he saw the need to reduce the country's dependence on the United States.

With fears that the administrative confusions caused by the computerised register might be repeated, for several days prior to 6 May the Salvadorean newspapers contained twenty-eight pages consisting of nothing but lists of polling stations and boxes assigning blocks of 500 voters to each box (in type so small that even those with perfect eyesight found it difficult to read, leaving aside the problems of the illiterate). However, with one major exception, the system did not work too badly: the electoral commission had learnt from some of the mistakes made in March and the voters had had a practice run, so that few excesses of confusion were noticed. (This was perhaps just as well for Dr Eguizábal, since a death squad had publicly threatened to kill members of the Electoral Commission if the chaos of March was repeated).

There were three kinds of polling station: municipal, departmental and national. A municipal voter (the vast majority) went with his numbered identity card to the station where he was registered and there found the box for the block of 500 voters of which he was one. On arrival he presented his identity card which was checked against his entry in the register and a stamp was put over that entry to show that he had voted. He was then given a ballot paper and voted. He then returned to the desk where his *cédula* was returned to him and his finger marked. The departmental stations were designed for those communities, particularly from war-torn provinces, which had moved as

communities to other more peaceful provinces. Those stations required, therefore, to be equipped with the register for the community taken from the province from which they had moved, and again this system seemed to work. Then, in various towns national stations were set up. In these, ballot boxes were assigned to the various provinces and the notion was that those who had left these provinces as displaced persons could present themselves at their provincial box in any national station and cast their vote. This required that the box officials be equipped with the whole register of the voter's home province and that they should have the time to find his name and number in it. This system sometimes did not work, and where it did not the consequences were grave. It will be noted that the procedure left a record of those who had voted and those who had not—dangerous information in a country where not only was voting legally compulsory but where the forces of the right expected people to vote as their patriotic duty. The President of the Electoral Commission assured me that all the marked registers would be burnt at the end of the process in the presence of party representatives. As far as the legal obligation to vote is concerned, now that for the third time in two years Salvadoreans were voting and had noticed that the legal sanction (a fine) was rarely if ever invoked, there is no reason to believe that it affected voters at all—at any rate, compared to the need many saw to vote just to have their identity cards marked.

On 6 May, I went to see stations operating in both the countryside and the town. Going northwards to Apopa, there was only a national station which seemed to be working well. The town had an ARENA mayor, who had allowed party workers to take over his office as a committee room where voters were being given guidance. If this might appear to be slightly irregular, perhaps even more so was the fact that the council filing cabinets (including the personal files of what appeared to be the whole community) were there, unlocked.

Moving on to Guazapa, the municipal station was working well, but those in charge of the national station found it difficult to understand that they had to plough through the whole provincial register to locate an individual voter, and would have turned some voters away if they had not had expert (and foreign) guidance. But once it was explained to them, and because there were not too many voters seeking to vote there, the operation proceeded smoothly. I then left for Aguilares, during which journey there was considerable evidence of the parties bussing large numbers of supporters in lorries along sabotaged routes. This was not just to take municipal voters to their local station, which was done

both by the parties and by employers, but also by the parties to take national voters to national stations, which were few and miles apart. The northernmost stop on my tour was Nueva Concepción, a town within easy walking distance of guerrilla-held territory. Nonetheless, polling there was proceeding well. At all stations, representatives of the two parties were much in evidence, with ARENA's seeming to be more numerous and certainly more striking in smart party-coloured aprons. Some soldiers were normally present inside and always present outside each station. Beginning to think that the administrative chaos of the first round had been overcome, I then decided to visit the national station in Soyapango (a very crowded suburb of San Salvador) and here received the full flavour of what had evidently happened in March.

Huge queues had been waiting for hours to enter a large and rather dark warehouse which, already crowded with voters, was a noisy, heaving mass. To complicate matters, the electoral council had guessed at the number of national voters who might appear at the station and had guessed disastrously wrong. There was provision only for some 7,000 voters to cast their votes there (i.e., 14 boxes, less than the number the lists published in the newspapers had promised, taking 500 votes each). According to the man in charge of the station, at least four times that number of people wanted to vote there—leaving a chaos which was indescribable.

Returning to Guazapa, I witnessed many party lorries bussing national voters, from national station to national station, seeking one where the congestion had eased so they could vote. Because of the lack of electricity in certain areas due to power cuts, many out-of-town stations were allowed to close any time after 4 pm and to proceed with the count for each box. This started just as I arrived at Guazapa at 4.45 pm. At each box there was a staff of three, and representatives of the parties. In a generally amiable spirit, the boxes were opened and the number of cast papers counted. It was checked that that number, together with the number of uncast papers, totalled the 500 papers which the box had been assigned. Then the votes were counted (with the customary procedural arguments), a tally produced and recorded of votes for each party, those votes which were *nulos* (null because of spoil or officially irregular), *abstenciones* (blank), and *impugnados* (papers which one or other party disputed to a degree beyond resolution by the counting agents).

Returning to Soyapango, just after 6 pm (when the polls officially closed), I discovered that at 5.15 pm the station had run out of ballot



papers in some boxes and was simply unable to cope with the crush at others. The officer in charge of the station had therefore closed it and ordered the crowd to return home, which apparently it had done quite resignedly, even though many people had been queueing since early morning in the sun and did not have their *cédulas* marked. The officer was vigorously indignant about the inadequate arrangements, pointing out to me that since exactly the same thing had happened in March, the Electoral Commission had had no excuse for not making better provision. At 6.30 pm, just as he was about to start the count, the guerrillas blew up the electricity lines and the hall was plunged into darkness. Even though Soyapango is a well known centre of urban guerrilla activity, absolutely no provision had been made for this emergency.

Back at the Sheraton Hotel, where the electoral commission had established a press centre, people were rather optimistically gathering to hear results. While everyone had the broad view that Duarte had won, it was not in fact until the following day that the first unofficial results seem to have been accepted by everybody (except by the own people. These showed that the PDC had obtained 55 per cent and ARENA 45 per cent. Unofficial though they may have been, these results seemed to have been accepted by everybody (except by the anonymous caller who threatened to blow up a radio station for giving out, he said, unofficial and biased results), and life in El Salvador resumed what passes there for normality. This was just as well, since when I left the country the following Friday, the electoral commission was still only in the early stages of the official count.

### **The Aftermath of the Election**

And so it turned out. José Napoleón Duarte was elected president for a second time. ARENA complained about the result and cried 'Foul!' but with the appearance of only doing so for form's sake, and perhaps for use later. ARENA's complaints were various, ranging from allegations of particular irregularities, to claims that they had really won (admittedly they did win the majority of the provinces). Guillermo Ungo, the FDR president, said that the elections would make no difference and the war would go on. He added that Duarte's victory merely provides 'window-dressing for further United States intervention'. Twenty-five American observers who had paid \$1000 each to arrive on the Saturday immediately before the elections on the Sunday, put out a statement that the elections had been a 'shining example of the democratic spirit of

which Salvadoreans are justly proud'. President Reagan went on American television to endorse the elections and say that they 'proved again the strides they've made towards democracy there'.

But what really did happen in El Salvador in the early months of 1984? An election was held within a very limited range of the political spectrum; choices were given but very few; an electoral process took place which in terms of its administration was not too bad—indeed, given the over-sophisticated system wished on the country by its wealthy friends, people coped remarkably well in the second round.

Firstly, it must be realised that Napoleón Duarte was elected President of a country where, traditionally, the president has served the interests of the landed elite and the armed forces. The very wealthy, the colonels on active service in the armed forces, and the American ambassador continue to wield that power and influence to which Señor Duarte, as President of the Junta from April 1980 to April 1982, was subservient.

Secondly, while it may have been a problem for the US that Señor Duarte—or any other Salvadorean president—was not legitimately elected in April 1980, there is no evidence that this has ever been seen as a problem by the Salvadoreans. I asked relatives of the disappeared and brutally murdered, 'Do you think things will be better now that President Duarte has been elected?' 'It was under President Duarte that these things happened in the first place', they replied. In other words, the most important test for Salvadoreans, who have good reason from their past to be cynical about elections, is not the validity of their democratic process, but whether or not those in positions of power are willing and able to tackle the fundamental problems of the country. Can President Duarte reform the army? Many people, including a senior American official, took the view that any widespread reform of the armed forces would simply not be allowed by them. Is he prepared to follow what may be his instinct and try to initiate a dialogue with the FDR? Again, it is thought that if this appeared to be more than a cosmetic measure to increase his international standing, it would be vetoed by the armed forces and blocked by an ARENA party conscious of the fact that it obtained 45 per cent of the votes cast in the second round. Will he be able to manage the economy even if it involves taking steps which adversely affect the interests of the wealthy who have controlled the economy for so long? Will he be able to breathe fresh life into a programme of genuine land reform? Or, simply in the interests of retaining the trappings of office, as he did before when he was President,

will he compromise or even surrender to the right, turning a blind eye to the physical and social brutalities which scar Salvadorean life?

Now is too early to judge, but unless President Duarte prefers to show himself, as he promised to be, a President of all Salvadoreans, capable of controlling those who would usurp his authority and directly or indirectly cause even more deaths in that tragic land, then the election will be seen to have been an irrelevant, divisive and expensive exercise. El Salvador is full of people who care nothing about the PDC, ARENA, indelible ink and Wang computers, but about life, peace, social justice and freedom. Only if their voice is heard will anything that has happened in El Salvador during the first half of 1984 be worthwhile.

### *Appendix*

#### Results of the First Round, 25 March 1984

<i>Party</i>	<i>Votes</i>	<i>%</i>
Partido Demócrata Cristiano (PDC)	549,727	43.41
Alianza Republicana Nacionalista (ARENA)	376,917	29.77
Partido Conciliación Nacional (PCN)	244,556	19.31
Partido Acción Democrática (PAD)	43,929	3.47
Partido Popular Salvadoreño (PPS)	24,395	1.93
Partido Auténtico Institucional Salvadoreño (PAISA)	15,430	1.22
Movimiento Estable Republicano Centrista (MERCEN)	6,645	0.52
Partido Orientación Popular (POP)	4,677	0.37
	<hr/>	<hr/>
	1,266,276	100.00

#### Results of the Second Round, 6 May 1984

<i>Party</i>	<i>Votes</i>	<i>%</i>
Partido Demócrata Cristiano (PDC)	752,625	53.6
Alianza Republicana Nacionalista (ARENA)	651,741	46.4
	<hr/>	<hr/>
	1,404,366	100.00

# Migratory Labour in the Arab World



The six states of the Gulf Cooperation Council (GCC), Iraq and Libya have been major oil-producing and labour-importing countries for over a decade. They have attracted a total of more than five million migrant workers—from the Arab world as well as from a large number of other countries. The impact of these migrant workers on their respective countries of origin has been out of proportion to their numbers, whether in absolute or in relative terms. The widespread interest that their movement has attracted is largely due to the fact that their earnings are higher than their respective national per capita incomes. Another reason has been the emergence of striking entrepreneurial abilities among these expatriates; in the United Arab Emirates alone, for example, 8,475 businesses were established by 1975 by Asian expatriates. Roughly half of the migrant workers presently in the oil-exporting countries are Arabs; the other half are from Asian countries such as Pakistan, India, Bangladesh, Philippines, South Korea, and Sri Lanka.

It is, of course, only to be expected that the sudden prosperity of a few countries would attract migrant workers, and at the same time be the subject of considerable speculation about the stability of their wealth. The uncertainties of the international market for oil and gas, the continuing Gulf War, and the socioeconomic tensions arising from the rapid rate of development, all contribute to sustaining the level of speculation. The purpose of this paper is to discuss certain aspects of the movements of migrant workers within the framework of their host countries.

## The Migrations

Migration, both within the Arab world and between Arab and neighbouring countries, is an old and well-established process. During the nineteenth century, for example, Egypt was the centre of feverish economic activity, and served as a powerful magnet to attract manpower from Greater Syria, Sudan and Europe. The expansion of cotton cultivation, the construction of both the railway network and the Suez Canal, and the development of international trade, all had strong labour

implications; a significant fraction of the labour force of nineteenth-century Egypt was consequently expatriate. Similarly, in the Gulf states, the pearling industry engaged expatriate and seasonal manpower until the late 1920s.

Since the discovery of oil, Arab oil-producing states have attracted expatriate labour. Until the early 1950s, the number of expatriates involved was small. But the trend continued throughout the next two decades, growing dramatically after 1973 when the so-called 'oil boom' began. International interest in these migrations is of recent origin. It has been inspired by the money transfers associated with migrant workers. But an important fact to remember is that little precise information on the numbers and nationalities of these workers is available. This is because of a number of reasons. First, the majority of these expatriates are from Third World countries. Statistical information in both the labour-exporting and labour-importing countries is generally scanty and poor. Second, most of the expatriates have been in the host countries for less than ten years. Accurate and timely data on the number of workers, economic activity, duration of employment trends and correlation of trends with national objectives, are in short supply. In the following discourse, such information as is available will be presented and the inconsistencies briefly discussed.

Table 1 is a matrix based on recently available data which shows labour exchanges. It will be seen that Egypt, the Arab Republic of Yemen and Palestine and Jordan accounted for 54 per cent of all migrants to oil-producing countries in 1980. According to the same source, the numbers of expatriate workers in the host countries are either inconsistent with available figures from the labour-exporting countries, or non-existent. Other statistical problems exist, one of the most acute being serious discrepancies or omissions. The cases of Egyptian and Pakistani migrants will serve as examples. Estimates of Egyptian migrants in Iraq in 1982 range between 1.25 million and 3.0 million. No official figures on these migrants are available either in Egypt or Iraq.<sup>1</sup> These estimates also clash with the 1983 World Bank projection for 1985 that non-nationals in Iraq's labour force will decline to between 160,000 and 250,000.<sup>2</sup> Naseem estimated that there were a

<sup>1</sup> *Proceedings of a Conference on Foreign Labour Force in the Arab Gulf Countries*, Beirut: Centre for Arab Unity Studies, 1983 (in Arabic) pp 451-76.

<sup>2</sup> I Serageldin, J A Socknat, S Birks, B Liand and C A Sinclair, *Manpower and International Labor Migration in the Middle East and North Africa*, Oxford: OUP, 1983, p 26 (henceforth referred to as the World Bank Study)

Table 1: Labour Transfers, 1980

Labour Exporting Countries	Labour Importing Countries	Saudi Arabia	Libya	UAE	Kuwait	Qatar	Bahrain	Jordan	Oman	AR Yemen	Iraq	Total
Egypt		250,000	250,000	22,100	105,000	5,750	1,350	70,000	6,300	4,000	342,000	1,056,500
Arab Republic of Yemen		500,000	-	5,400	2,650	1,500	380	-	120	-	-	510,050
Jordan and Palestine		140,000	6,500	19,000	55,000	7,250	270	-	6,500	2,000	-	236,520
PDR Yemen		65,000	-	6,600	7,000	1,500	-	-	120	-	-	80,220
Syria		24,600	15,000	5,800	21,000	1,000	-	3,600	600	1,000	-	72,600
Lebanon		33,200	5,700	6,600	12,000	750	400	1,200	1,500	500	-	61,850
Sudan		55,600	21,000	2,100	2,100	750	50	-	620	2,250	27,000	(111,470)
Maghreb Countries		500	65,600	-	450	-	-	-	120	-	-	66,670
Oman		10,000	-	19,400	1,100	1,150	1,500	1,600	-	-	-	(34,750)
Iraq		3,250	-	1,200	17,000	-	40	-	-	-	-	21,490
Somalia and others		8,300	5,000	5,000	4,600	-	100	-	400	10,670	-	34,070
Total: Arab		1,090,450	368,800	93,200	227,900	19,650	4,090	76,400	16,280	20,420	369,000	2,286,190
Total: Asian		153,000	124,000	385,108	115,500	37,120	69,950	14,300	80,100	5,300	84,700	1,069,078
GRAND TOTAL		1,243,450	492,800	478,308	343,400	56,700	74,040	90,700	96,380	25,720	453,700	3,355,268

Source: Ibrahim Sa'adeldin and Mahmoud Abdel Fhadiil, *Arab Labour Movements*, Beirut: Centre for Arab Unity Studies, 1983 (in Arabic) p 70.

The authors have based this table on the estimates appearing in the World Bank Study. But the figures for Jordan and Saudi Arabia were amended.

total of 2.7 million Pakistani workers employed abroad in 1977.<sup>3</sup> This number is 2.6 times higher than the estimate in Table 1 for the *total* Asian labour force in the oil-producing countries in 1980! From the fragmentary available data, it appears that estimates may be in error by large factors. Although the figures in Table 1 are outdated and inaccurate, they provide a rough idea of the distribution of expatriate manpower among the host countries.

### Skill Composition of Expatriate Labour Forces

Detailed and reliable statistics on the skill composition of the expatriate force are not available. But fragmentary evidence indicates that the migrant labour force enjoys a higher concentration of skills and a higher level of education than the corresponding labour force in the exporting country. Examples from the Egyptian and Pakistani labour forces illustrate this point. Table 2 shows some statistics on the Egyptian

**Table 2: Educational Composition of Egyptian Workforces in Egypt and Abroad (1973-4)**

	In Egypt	Abroad	Educational Concentration Index
Post-University	0.1	11.3	113.0
University	3.6	28.3	7.9
Intermediate and Secondary	9.2	52.8	5.7
Less than Intermediate	87.1	7.6	0.09
	100.0	100.0	

Source: Naim Sherbiny and Ismail Serageldin, 'Expatriate Labor and Economic Growth: Saudi Demand for Egyptian Labor', in Malcolm H Kerr and El Sayed Yassin (eds) *Rich and Poor States in the Middle East*, Boulder, Colorado: Westview Press, 1982, p 243.

labour force at home and abroad for 1973-4 (the most recent comparative data available). It is clear from the table that the most highly qualified of the Egyptian workforce were abroad: only 3.7 per cent of the total labour force in Egypt held university degrees; the

<sup>3</sup> S M Naseem, 'Some Economic and Social Implications of the Brain Drain in Pakistan' in A B Zahlan (ed) *The Brain Drain*, London: Ithaca Press, 1981, p 252.

comparable figure for those abroad was 39.6 per cent. Naseem quoted statistics from a sample of 60,000 Pakistani expatriates (1971-5): 6.3 per cent were university graduates (engineers, doctors, teachers, accountants, managers), 4.5 per cent were in white-collar occupations (nurses, secretaries, storekeepers, foremen), 37.9 per cent were semi-skilled workers (masons, carpenters, electricians, mechanics, cooks) and the remaining 51.3 per cent were unskilled workers. By contrast, less than two per cent of the home labour force had completed a university education, seven per cent had a secondary education and seventy per cent were illiterate.<sup>4</sup>

The composition of skills, however, varies both within each national group and within each of the oil-exporting countries. The Arab expatriate labour force appears to be concentrating in occupations where knowledge of Arabic is an asset: teaching, and working in bureaucracies and businesses appear to be favourites. Jobs in both construction and agriculture are heavily competed for by the labour forces of several countries: South Korea, Pakistan, Turkey, the Arab states, and Europe. Nurses, nannies, and female household staff appear to be mainly from the Philippines, Sri Lanka and Ethiopia.

### **The Special Place of Arab Construction**

The Arab construction market has been steadily growing since the early 1950s. During the period 1960-1980, a 25-fold increase in annual expenditure was registered. There is little doubt that the demand for construction in the Arab world is enormous and growing although it is unlikely to continue at the same rate. The Arab world is a major international market for construction services. The value of construction activities exceeds \$100 billion annually, and is the third largest market after the US and Japan. Since the late 1950s, the value of work executed by Arab contractors has grown at an annual rate of twenty per cent; but in 1981 they accounted for only forty-five per cent of work output. Fifty per cent of construction costs go towards the fees and wages of consultants, contractors and direct site labour. Some 2.4 million Arabs and around 750,000 non-Arab workers were employed on construction sites in the Arab world as a whole in 1981. Non-Arab workers are employed by both Arab and foreign contractors.

Technology acquisition by Arab contractors is rapidly placing them in a dominant position in this industry. The growth and skill development

<sup>4</sup> *ibid.*



of the Arab labour force employed in construction can be considered as a natural consequence of present trends. The internalisation of this industry will naturally reduce the participation of non-Arab site workers. There are, however, no signs of sudden changes in the present pattern of employment.

The composition of the skills of the different expatriate groups is likely to evolve along different lines, depending both on changes in the economy and in lifestyles in the oil-producing countries, and on chance events. The demand for professional manpower is bound to increase. The rate of this increase, however, cannot be estimated with any level of accuracy.

### **Stability and Uncertainties in the Labour Market**

The labour market in the Arab oil-producing countries is a function of a large number of elements that are difficult to assess. Two major factors support the view that these markets are stable and growing. The first is that the labour market has been expanding steadily since the early 1950s. The rate of growth has varied, but there has been no collapse despite many crises: the Iraqi market has maintained its momentum despite the Gulf war. The second is that the Arab oil-producers possess a substantial share of the world's oil and gas reserves. This share is expected to increase, rather than decrease, during the following fifty years. It may thus be safely assumed that the historic trends and sources of wealth are mutually supportive.

Although the overall size of the labour market is expected to grow, it is likely that the composition by nationality and skill will undergo change because the mix of projects and social services required is changing. The well-established trends in construction, health and education are expected to continue. Saudi Arabia, for example, will probably complete the expansion of its educational system during the next decade to cover all youth of school age: this implies an expansion of almost 100 per cent of the educational system as it stands today. Such a major expansion calls for new schools and new jobs for teachers and administrators.

In addition to the established areas of expatriate employment, new activities are emerging. In the construction sector, for example, there will be a rapidly increasing demand for repair and maintenance services of the huge infrastructures which were constructed during the past twenty years costing around \$500 billion. Maintenance is, of course, labour-intensive.

Another sector, that of agriculture, has been the object of massive investments in several oil-producing countries. In Saudi Arabia, as a result of some \$20 billion in investments and high government subsidies, the desert is blooming with wheat: from 30,000 tons (1975) to 1,300,000 tons (1984). Most work here is undertaken by expatriates. The 1981-5 plan in Libya has a budget of \$62 billion for agriculture. Of this, some \$5 billion is towards the cost of a 1900 kilometres pipeline that will carry 700 million cubic metres of water annually from wells in the southeast to the north of the country. Large numbers of expatriates will be needed here both for construction and farming.

The private sectors of most of the oil-producing countries have also developed a marked growth in economic activity. But the interdependence between the private and public sectors is fairly strong. For example, the collapse of the unofficial (and illegal) Kuwaiti stock-market (*Suk al-Manakh*) in 1982 has had serious economic repercussions in Kuwait. The private sector there and elsewhere in the GCC is also engaged in labour-intensive activities in trade, insurance, banking or small-scale industry. All these activities are staffed predominantly by expatriates.

All the oil-producing countries are experiencing rapid changes in lifestyle. One of the characteristics of these changes is the growing demand for household servants, nannies, cooks and chauffeurs. Military conflicts are also increasing their demand for expatriate manpower for service in the armed forces and for the construction of military bases and facilities.

The composition of the expatriate labour force by nationality is subject to the persistent pressures of the growing Arab labour force. The population of the Arab countries by the year 2000 will be about 300 million. Of these, twelve to fifteen million will be university graduates, and there will be a total of ninety million economically active people. The labour force presently employed in agriculture (around twenty-two million) would have been reduced by mechanisation to possibly seven to eight million. Moreover, the outflow of Arab labour from the Maghreb to Europe (especially France) would have been stopped by 1990 because of changes in employment policies in the West. Thus, within the Arab world, a considerable pressure for jobs for skilled and educated Arabs is building up. This high level manpower will be capable in the future of responding effectively to the demands of the oil-producing countries.

So far, little attention in the Arab world has been given to the

enhancement of labour productivity. If this were to change, large numbers of under-employed workers could be released for more profitable and productive employment. Dramatic changes in female employment, however, are not expected during the following two or three decades. Expatriate female labour will continue to be non-Arab.

The Arab oil-producing countries are as fragile as other developing countries, and their prosperity may be subverted by a host of events beyond their control. These may be caused by political upheavals or massive pollution of the waters of the Gulf. Plausible scenarios can be constructed. But apart from short-term disruptions, the Arab oil-producers as a whole are likely to continue along their present course.

### **Perceptions of the Impact of Labour Movements on the Arab Countries**

The outflow of manpower and the inflow of remittances have received attention in the Arab world. But the absence of reliable information and careful analysis has limited discussion so far to a polemical and normative plane.

Generally, the outflows and the remittances have been welcomed by most governments. Governments that had imposed restrictions on emigration in the past have in recent years either relaxed or lifted them. Economists at the World Bank and the IMF have also welcomed these remittances. But a large number of Arab analysts have focused on their negative side-effects: inflationary pressures induced by remittances, the introduction of expensive lifestyles that depend on imports, the degradation of work ethics, and the economic consequences of the loss of professional and skilled manpower to the labour-exporting countries.

Because the outflows of manpower on the present scale are less than 10 years old, there is considerable uncertainty as to their overall positive and negative consequences. Furthermore, the abilities of governments to manage the processes involved have been limited so far. In the late 1970s, there were fears in Egypt that the massive outflow of construction workers to Libya and the GCC countries would adversely affect reconstruction programmes at home. Available statistics, however, indicate that these fears did not materialise: Egypt's construction industry underwent further mechanisation and its labour productivity improved.

The outflow also helped to absorb surplus agricultural labour in all the labour-exporting countries. In Jordan, for example, the agricultural labour force has declined to ten per cent of the total economically active population. Further mechanisation could reduce it even more.

The outflow of university professors from Egypt and Sudan has been on a large scale, and a deterioration of the standards of higher education has occurred. Egypt has also lost many professionals to Western countries. When a university professor takes leave without pay, he is often not replaced, for replacements can rarely be found at the same pay scale. Being public sector institutions, universities have been unable, so far, to make the necessary adjustments to overcome these problems. In Sudan, the universities have been the scene of considerable disruptions caused in part by the outflow of academics. It may be argued that this outflow of professionals has merely exacerbated the existing poor conditions at Egyptian and Sudanese institutions. To support this argument, the example of Jordan's ability to undertake sufficient reforms and improvement to retain and develop its two universities can be cited.

There is little doubt that manpower flows have political overtones. Until the early 1960s, inter-Arab tensions were sometimes reflected in the treatment of their nationals. Some labour-importing countries used to subject Arab expatriates to political considerations. But this is not practised on a large or blatant scale anymore. Furthermore, all Arab countries have stressed that political differences have no effect on employment policies.

Yet, Nader Ferghani has argued that the export of Egyptian labour during the mid-and late-1970s was a definite policy objective of President Sadat: the aim was to reduce the number of demobilised and politicised youth in Egypt in order to defuse popular demands for political and economic reforms.<sup>5</sup> Having thus defused Egypt's time-bomb, Sadat could proceed along the course that he had set for Egypt. Ferghani concluded that this process transformed young people educated to think and work for the common good into self-seeking individuals in the oil-producing labour market.

In a number of Arab countries the allocation of certain categories of jobs in oil-producing countries (especially those of teachers and academic personnel) is undertaken by concerned ministries. Since these jobs can increase an individual's income by a factor of ten or more, they are keenly sought. The process of selection and nomination may often be a reward for compliant behaviour. This process of allocation may have a debilitating effect on the performance and climate of work in the labour-exporting countries.

<sup>5</sup> Nader Ferghani, *Migration to Oil*, Beirut: Centre for Arab Unity Studies, 1983 (in Arabic).

Some preliminary studies have shown that the families of expatriate male workers are subjected to stress because of the separation which affects their wives and children. But, here again, the social consequences of these separations have not asserted themselves. Until recently, the effects of separation have been reduced by the compensatory role of the extended family.

To summarise, there is a lively debate on all aspects of Arab migration. But since these large-scale movements are barely a decade old, the social and economic consequences are still poorly articulated or understood. It is very doubtful whether public policy in this field will be more effective than it has been in the case of the Arab brain drain.

With excellent air communications between the Arab states, expatriates are rarely away from their respective countries for long periods of time. Thus, expatriates face few adjustment problems when and if they return to their home countries. It is likely that fifty to seventy per cent of the Arab labour force is employed in small private enterprises.<sup>6</sup> In many cases they are silent partners in a business—grocery, carpentry, tailoring, or owning a restaurant, for example. The skills learned in these activities are directly transferable to a new venture upon their return home.

The new lifestyles acquired by expatriates are associated with consumerism. This is, of course, nothing new. The values ascribed by expatriates to consumerism are generally acquired in their home countries where they are set by the ruling and middle classes. Although planners and bureaucrats decry the economic waste and lost investment opportunities, these patterns have been firmly established throughout the Arab world.

### **Circulation of Workers and of Ideas**

The movement of millions of expatriate workers across international borders has a large number of consequences. The most visible features are the physical movement of people and the remittances. Far more important are the new ideas, the new attitudes and skills and the entrepreneurial relations generated by these movements. Irrespective of the nature of their employment, expatriates are exposed to vastly

<sup>6</sup> Little is known about the employment of expatriates. A brief paper on the UAE has stressed the high proportion (70 per cent) of expatriates who were employed in the private sector during 1980 much of which was oriented towards service to other expatriates. See Abdul Razak Faris el Faris, 'The role of the private sector in the spread of foreign labour in the UAE' in Nader Ferghani (ed), *Foreign Labour in the Arab Gulf Countries*, Beirut: Centre for Arab Unity Studies, 1983, pp 151-68 (in Arabic).

different work and social environments. Intensive consumption, new tools and new means of production, and the exposure to a plethora of ethical, economic and social principles and relations all contribute to induce change in the perceptions and motivations of the expatriate.

The expatriate learns new skills and discovers a vast array of new occupations. For many, the mere knowledge that they can undertake a wide variety of new jobs is a liberating influence. The ability to purchase a television set, a refrigerator, or a car also sets new objectives. The expatriate is motivated to earn a higher level of income because he wants to secure the ensuing advantages. Scholars and analysts, who themselves enjoy all the advantages of household appliances and motor transport, deride the returning expatriates who have acquired these same consumer items. Many an economist has argued for the 'useful' investment of these earnings in 'productive' activities. But the expatriate workers have other ideas and other plans. To many of them, their most important accomplishment is to break the stranglehold of poverty, and possess the cherished gadgets of their respective societies. In doing so, they acquire self-confidence and new entrepreneurial attitudes.

After three or four years in an oil-producing country, many expatriates may feel that they have saved enough money to buy their own house or business at home. Large numbers of Arab expatriates do return home after such a spell abroad. The returning expatriate is an example to his community and encourages others to follow suit. This pattern is well known. Lebanese migration to the Americas in the nineteenth and twentieth centuries was catalysed by the reports of the successes of previous migrants. The demonstration effect is very powerful.

It should also be noted that although the total population of expatriates has been growing, the individual workers have been changing. The Gulf States and Saudi Arabia have made it clear that they do not favour permanent settlers. The rate of circulation varies according to country, national origin, and qualification, but it is considerable in most cases. The circulation will continue in parallel with the expansion in the size of the expatriate populations.

Many of the returning expatriates have their own ideas of what they wish to do. Political organisation in the work camps, in the shantytowns and in the armies of the oil-producing countries is, of course, not unknown. Many of these activities focus on their home countries, for expatriates are generally not interested in the political life of their host country: it is their homeland which occupies their interest. Many

political movements in the Third World have been nurtured by returning expatriates.

The millions of expatriates at present in the Arab world are undergoing far-reaching transformation. They carry with them new ideas, new dreams and new goals. The planning instruments of Third World countries, however, are generally unable either to understand or to mobilise such talent and resources. In such circumstances, a considerable and unavoidable waste of human and financial resources follows.

The oil-producing countries are not melting-pots of people or of ideas. The expatriate communities are extensions of their respective home countries. Each group builds its own communal activities. New skills on how to survive in their new environments have to be learned. Although little is known about the emerging political attitudes of the present generation of expatriates, there is little doubt that they will have considerable impact on their home countries in the years to come.

## False Polarisation? Differing perspectives on the economic strategies of post-revolutionary Nicaragua\*

For Nicaraguans . . . who expected the 1979 ouster of the tyrannical Somoza regime to bring better times . . ., the first two years of life under the victorious Sandinista guerrillas has been a bitter disappointment.

—*The Wall Street Journal*, 15 September 1981.

Despite significant US aid from 1979 to 1981 . . ., [Nicaragua's] economic performance has been poor, in part because of the disruptions caused by the revolution, in part because of the world recession, and in part because of the mismanagement invariably associated with regimes espousing Marxist-Leninist ideology.

—*The Kissinger Commission Report*, 10 January 1984, p 30.

Recently updated data on the Nicaraguan economy in 1983 confirm that Nicaragua obtained the highest rate of economic growth in all of Latin America, despite the commercial blockade, the financial pressures, and the Reagan Administration's policy of military aggression.

—*Barricada*, 23 January 1984, p 1.

### Icarus or Phoenix?

Many Nicaraguans believe that they are building a new social order that will rise, as a beautiful phoenix, from the embittered ashes of the old. But there are many who fear that they have created, in their new social and economic strategies, the metaphorical wings of Icarus that will not allow them to escape the labyrinth of underdevelopment precisely because they live too close to the sun.

Has Nicaragua's economic performance been such that it could only

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be called a bitter disappointment? What has been the recent economic performance of Nicaragua, and how significant were the non-ideological factors cited by the Kissinger Commission in producing the historical record Nicaragua now offers? And to what extent should the economic policies of the first five years, whatever their results, be called 'Marxist-Leninist'?

Or has Nicaragua, like Icarus of the Greek myth, simply attempted to fly too close to the sun, pursuing unwise, vainglorious, or threatening policies in its attempt to escape from the heritage of the Somoza dictatorship? Is that how one must understand the apparent attempts to create a financial and economic boycott of Nicaragua, the 'economic war' now widely discussed? Is that why the World Bank and the Inter-American Development Bank appear determined to limit Nicaragua's access to the normal channels of multilateral assistance? Is there a conceptual framework that will explain both the difficulties encountered to date, the relative successes also produced, the animosity of its enemies, and the underlying structure of current economic strategies . . . other than a ritualistic invocation of ideological creed?

This is an essay in interpretation and evaluation. As with any other evaluative effort, the conclusion will depend heavily upon two primordial dimensions: first, the theoretical and ideological approach of the evaluator and, second, the context within which the evaluation is conducted, that is, the comparisons that are considered relevant. The two dimensions are not independent, for the choice of context is often a function of the theoretical or ideological approach.

In this essay I attempt to interweave both dimensions, noting the differing alternative theoretical perspectives that tend to be brought to the analysis of Nicaragua, and observing what has occurred with the distinct vision of each. The conclusions that I reach in responding to these questions is that there does, indeed, exist a 'false polarisation' of the Nicaraguan experience, designed to delegitimise it in the eyes of those who have limited access to information. It consists of an apparently deliberate distortion of Nicaraguan policies that serves neither the interests of the advocates of the most conservative orthodox traditions nor the potential future of the Nicaraguan economy. It encourages economic aggression in the name of protecting the role and position of the private sector in Nicaragua while simultaneously undermining the very role that the Nicaraguans wish to see the private sector play. Ironically, the unjustified characterisations and harsh responses to Nicaraguan policies provide further legitimation of a

Marxist interpretation of the international political and economic system.

Both the support that Nicaragua receives from most of Latin America and the opposition to US policies that is voiced throughout the region may also be understood, in part, as a result of the recognition in the region that the Nicaraguan model offers a potentially viable, new, 'Third Road' to development thoroughly consistent with the prevailing non-Marxist 'structuralist' approaches favoured by most of the governments in the region. The legitimisation of radical perspectives on possibilities for Latin American development undermines seriously the political strength and policy bases of the strongest non-Marxist allies of the US in Latin America. Little wonder that the public and diplomatic opposition to US policies is so widespread among erstwhile allies of the US in Latin America.

### A Note of Background

There may never have been a broader range of economic development ideology characterising, moving, and affecting Latin American underdevelopment than in the last fifteen years. The period has seen both new attempts at radical social reforms, such as the democratic socialism of Salvador Allende and Michael Manley, and a resurgence of the most conservative *laissez-faire* capitalist strategies since the Great Depression, as seen in Chile since 1973. There have been periods of 'miraculous' sustained economic growth in Brazil and Mexico, using novel mixtures of free enterprise concepts to justify, effectively, massive expansions of 'state capitalism' that openly and proudly channel the resources of the state toward sustaining the profitability of the private sector. And each of those 'miracles' has lost its gilt, crashing into their deepest crises in modern times.<sup>1</sup>

It has been a period replete with ironies. On the one hand US President Ronald Reagan announced in Cancún in October 1981 that thereafter all US economic assistance would be directed solely toward those countries that openly pursue 'free enterprise' development strategies. He thus confirmed precisely the charge often levied in the past against US aid packages, but always previously denied in a flurry of altruistic claims. At the same moment, the country most vigorously adhering to these policies, Chile, was not only barred from receiving much US aid but it faced the indignity of being the only Latin American

<sup>1</sup> UN Economic Commission for Latin America (ECLA), *Preliminary Overview of the Latin American Economy During 1983*, Santiago, Chile: E/CEPAL/G.1279, 29 December 1983.

nation openly moving from a semi-industrial economy back to a new species of raw material-based, foreign-dominated 'banana republic'. By burying its previous industrial base under a cascade of unimpeded 'free market' imports and by expanding foreign investment most rapidly in enclave natural resource projects, the Chilean economy retrogressed by virtually any conceptual or contextual measure.

Fidel Castro, meanwhile, has faced unprecedented difficulties in the fulfilment of long-run commitments for supplies made by fellow-members of the socialist bloc. He has begun to seek new private foreign direct investment for Cuba. And he offers, on paper at least, the best profit repatriation opportunities in the hemisphere. The Cuban economy, portrayed repeatedly in the Western press as a 'failure', has now celebrated twenty-five years of consolidated existence.

The very labels to which ideologues cling are becoming tainted by the complexity of the period. If, for example, the measure of 'socialist' tendencies is the proportion of total production or total assets under public sector control, openly-capitalist Mexico is the 'second-most-Socialist' Latin American nation, topped only by Cuba, following its nationalisation of the banking system and all the banks' holdings in manufacturing firms.

Consistency in economic policy is becoming less and less attainable. The US criticised the nationalisation of the banking system in Mexico at the same time that it was encouraging nationalisation of banking in El Salvador to stem the outflow of financial capital. It criticises state control over all exports of Nicaragua at the same time that internal audits by US government agencies find widespread misuse of foreign exchange assistance provided to El Salvador due to fraudulent invoicing by private importers and exporters. The US has demanded of El Salvador in 1983 the expropriation of both idle and productive farmland and its transference to landless peasants, precisely one of the policies for which it overthrew a Guatemalan government in 1954.

Within this context it is especially unfortunate that US policymakers, both those that support the Administration and many of those opposed, appear to have accepted the polarisation of perspectives on Nicaraguan economic strategy that place the first five years of Nicaraguan economic policy in a caricatured 'Marxist-Leninist', 'totalitarian', 'Cuban-advised', 'Soviet-based' perspective. There is, as we shall note below, a very real basis from some theoretical perspectives for viewing Nicaraguan problems as a product, in part, of policies that will be seen by some as 'totalitarian'. There is also no question that Nicaragua has

chosen to move away from the *laissez-faire* orientation that President Reagan and his principal economic advisers would prefer. But future economic historians are likely to find that Nicaraguan 'Marxism', if it is Marxism, is a very curious Marxism indeed. This is true whether viewed within the context of the varieties of Marxism discussed at length (and occasionally attempted) in Latin America or whether compared with the doctrines and practices of European and Soviet Marxism.

The global and regional economic crises of the past fifteen years, from the creation of the OPEC oil monopoly to the more recent devastation of Latin American financial balances as a result of the unprecedentedly high interest rates engendered by US monetary policy, together with the deterioration of export prices for principal Latin American exports, has affected every country in the hemisphere.<sup>2</sup> The United Nations Economic Commission for Latin America has reported that the 1981-3 crisis is 'the most serious one experienced since the Great Depression'.<sup>3</sup> Regional gross domestic product fell by 1 per cent in 1982 and by 3 per cent in 1983; per capita product fell in seventeen of the nineteen countries for which data were available, and the region-wide average decline was 5.6 per cent. By the end of 1983, the per capita product of Latin America, according to ECLA's early estimates, fell to nearly 10 per cent below the 1980 level, returning the region as a whole to the level it had reached in 1977.

In this essay, by exploring the extent to which Nicaragua's economic problems can be explained by *laissez-faire* dicta, by the expectations of straightforward Marxist doctrines, or by a more indigenous Latin American approach firmly associated with the 'structuralists' of ECLA and the Cambridge School, we shall attempt to see why Nicaragua is criticised by both the right and the left, internally as well as internationally. The economic policies of post-revolutionary Nicaragua, when viewed in a Latin American policy context, appear closer to the 'structuralist' views of many non-Marxist theoreticians than to the caricatures of either polarised alternative. And they also show historically important innovations in the application of many of the non-Marxist 'structuralist' reforms that have been advocated by not only the United Nations Economic Commission for Latin America but also by the US government in a variety of its aid programmes in Latin America since the onset of the Alliance for Progress. The fact that Nicaraguan

<sup>2</sup> Michael E Conroy, 'Global Crisis and the Latin American Backlash: implications for US business', *Texas Business Review* (57) May-June 1983, pp 126-30.

<sup>3</sup> ECLA, *op cit*, p 1.

economic policies do not correspond to previous Marxist-Leninist models should not be taken to mean that Marxist analysis has been rejected by the Sandinistas. Rather, the evolution of policy in Nicaragua has been fundamentally pragmatic, borrowing from differing theoretical approaches in the struggle to create a viable set of policies appropriate to Nicaragua's needs. The mixed economy that has resulted offers a basis for both efficient and equitable development in a more independent mode, using both markets and planning.

### **Current Economic Problems of Nicaragua**

If we view Nicaragua superficially and in isolation, it would appear to most observers that the Nicaraguan economy has performed very poorly over the past five years. Table 1 presents some indicators of the global economic picture to the end of 1983. According to April 1984 ECLA statistics, Nicaragua generated aggregate economic growth in 1983 of 5.3 per cent.<sup>4</sup> When compared with preliminary Latin America-wide data released in late 1984, Nicaragua enjoyed the highest rate of economic growth in the entire region. From 1979 to 1983 the Nicaraguan economy generated cumulative growth of 22.5 per cent, a dramatic increase, especially in view of the precipitous decline in the economy during the 1978-9 years of insurrection and civil war. Real growth per capita was 7.7 per cent over that time, less than 2 per cent per year.

There are serious problems in the Nicaraguan economy, some of which are evident in Table 1. The widespread insurrection that brought an end to the Somoza dictatorship had dramatic consequences for the Nicaraguan economy in 1978, 1979, and 1980. Total output, exports, imports, and capital movements were all seriously affected; and the destruction, discussed below in greater detail, was far greater than that which is reflected in the table. Nicaragua generated extraordinary increases in production during the first two years of recovery from the civil war, but output fell sharply again in 1982. The trend in growth rates has been downward since 1980. The level of GDP per capita fell in 1982 by 4.6 per cent, illustrating the fragility of current economic progress. Consumer prices increased by more than 20 per cent per year for each year from 1980 to 1983, reaching a total, four-year increase of more than 101 per cent. And Nicaragua has historically been a country with low rates of inflation!

<sup>4</sup> ECLA, *Centroamérica: evolución de sus economías en 1983* (Version Preliminar), CEPAL/Mexico, April 1984 (typescript).

Table 1: Nicaragua: evolution of principal global economic indicators

	1976	1977	1978	1979	1980	1981	1982	1983	1979-83
Real GDP (millions of 1970 \$)	1168	1241	1152	863	944	1024	1004	1057	
% Change	5.1	6.3	-7.2	-25.9	10.7	8.7	-1.4	5.3	22.5
Real GDP/Capita (1970 \$)	487	501	450	326	341	359	342	351	
% Change	1.6	2.8	-10.2	-27.5	6.7	5.3	-4.6	2.6	7.7
Consumer Price Changes (%)	6.2	10.2	4.3	70.3	24.8	23.2	22.2	30.9	101.1
Total Exports of Goods:									
millions of current \$	542	637	646	567	449	500	408	411	
% Change	44.5	17.5	1.5	-12.2	-20.8	10.9	-14.2	0.7	-24.1
Total Imports of Goods:									
millions of current \$	485	704	553	326	794	922	681	658	
% Change	0.6	45.2	-21.4	-41.1	143.6	11.7	-26.1	-3.4	101.8
Trade Balance on Goods	57	-67	93	241	-345	-422	-273	-247	
Net Movement of Capital	95	128	-70	-90	275	677	270	510	
Foreign Public Debt	653	867	964	1101	1290	2163	2789	3400	
Ratio of Interest Pmts. to Exports of Goods and Services	9.7	32.8	11.2	14.2	17.2	67.8	28.9	21.9	208.8
	6.5	7.1	9.3	9.7	15.7	15.5	31.7	36.1	

Sources: UN Economic Commission for Latin America, *Preliminary Overview of the Latin American Economy During 1983*, E/CEPAL/G.1279, dated 29 December 1983; *Economic Survey of Latin America*, various issues, and ECLA, *Centroamérica: evolución de sus economías en 1983 (Version Preliminar)*, April 1984.

The nation's external imbalance is clear and is not improving. Imports have exceeded exports by an average of nearly \$300 million in each of the last three years, a very large trade imbalance for a nation that only exported an average of \$450 million per year in those same years. These trade deficits have been covered by net capital inflows that peaked in 1981 at \$677 million, fell to \$270 million in 1982, and rose again to more than \$500 million in 1983. The consequences of those capital flows have been an increase in the external debt from \$1.6 billion in 1979 to \$3.4 billion in 1983 and an increase in the cost of servicing the debt (interest payments alone) from 16 per cent of export earnings to 36 per cent.

By all internal reports and anecdotes, the country is suffering an acute shortage of foreign exchange that has required careful exchange rationing and that has caused a sharp reduction in the availability of most imported products. The government is now rationing as many as ten basic commodities, including sugar, cooking oil, and gasoline. There have been reports of shortages of medicines in the hospitals, shortages of paper for books and school supplies, and many other shortages that were not generally present, or were not seen, during pre-revolutionary days. There appears to be little or no investment in the private commercial sphere, and industrial production continues to fall.

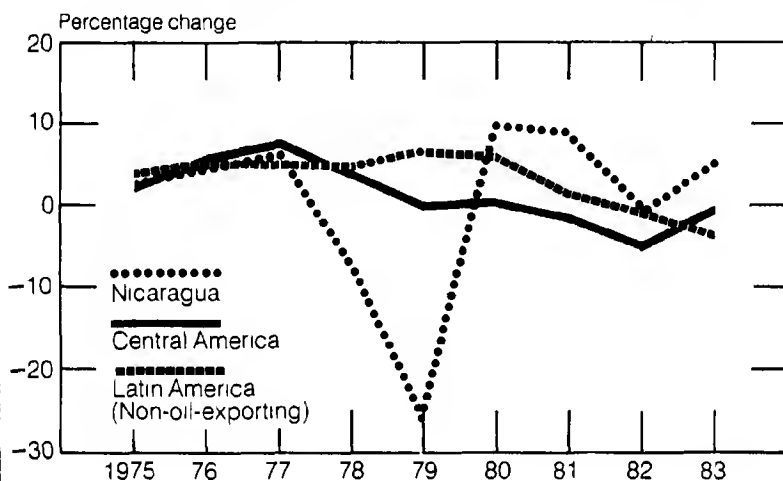
But Nicaragua's economic progress takes on a very distinct image when it is compared with the recent historical record for Central America as a whole or for Latin America as a region. Table 2 places key dimensions of the Nicaraguan economy in such a context. The cumulative Nicaraguan economic growth of 22.5 per cent from 1979 to 1983 must be compared with the Central American average growth experience over the same interval, a decline of 5.7 per cent, and with that of Latin America as a whole, a cumulative 2.7 per cent growth.

The real standard of living in Nicaragua, as measured, however imperfectly, by GDP per capita, improved by more than 7 per cent from 1979 to 1983, without taking into consideration the significant redistribution of income that has also occurred. This improvement for the Nicaraguan people took place at the same time that the standard of living was falling by a cumulative average of 14.7 per cent in the Central American region and by 9.2 per cent for Latin America as a whole.

It would be facile, and fundamentally incorrect, to argue that the relative Nicaraguan performance simply meant a 'rebound' from the disasters that accompanied the insurrection in 1978 and 1979. Figures A-1 and A-2 demonstrate the depth of the declines in production and in

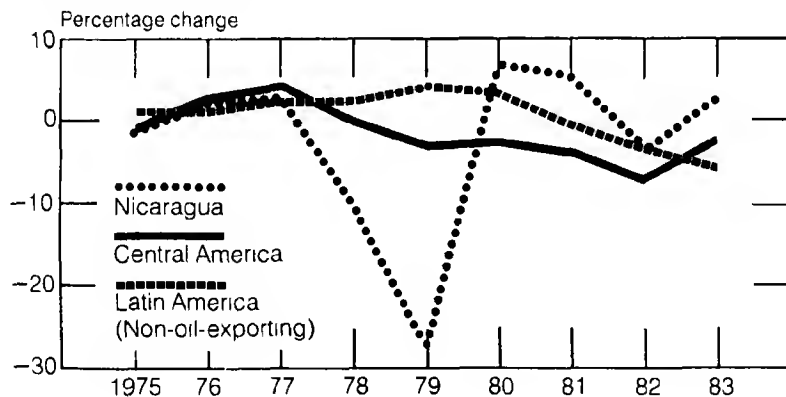
**Figure A1**

**Rates of change in Real Gross Domestic Product**



**Figure A2**

**Rates of change in Real Gross Domestic Product per capita**





THIRD WORLD QUARTERLY

**Table 2: Evolution of Comparable Economic Indicators for Nicaragua, Central America, and Latin America**

	1976	1977	1978	1979	1980	1981	1982	1983(a)	1979-83
Real GDP Growth (%)									
Nicaragua	5.1	6.3	-7.2	-25.9	10.7	8.7	-1.2	5.3	
Central America (b)	6.1	7.5	3.1	-2.6	1.6	-1.7	-4.7	-0.4	-5.70
Latin America	5.5	5.1	4.7	6.6	5.9	1.5	-1.1	-3.3	2.76
Real GDP/Capita Growth (%)									
Nicaragua	1.6	2.8	-10.2	-27.5	6.7	5.3	-3.9	2.6	7.67
Central America	2.9	4.3	0.04	-5.4	-1.4	-3.8	-7.1	-2.5	-14.71
Latin America	1.1	2.4	2.2	4.1	3.4	-0.9	-3.3	-5.6	-9.16
Consumer Price Changes (%)									
Nicaragua	6.2	10.2	4.3	70.3	24.8	23.2	22.2	37.3	101.10
Central America	8.1	9.1	8.3	26.0	16.9	23.6	25.0	13.3	78.80
Latin America	61.5	40.1	39.1	54.1	52.8	60.8	85.6	130.4	329.60
Export Growth (%)									
Nicaragua	44.5	17.5	1.5	-12.2	-20.8	10.9	-14.2	0.3	-24.10
Central America	32.0	31.8	1.1	12.1	1.4	-7.2	-11.2	-2.4	-19.44
Latin America (c)	15.1	18.9	7.5	22.1	18.2	2.0	-8.5	-1.3	27.40
Import Growth (%)									
Nicaragua	0.6	45.2	-21.4	-41.1	143.6	11.7	-28.0	5.0	101.80
Central America	15.3	31.3	7.9	1.6	35.6	-2.0	-21.2	2.7	15.08
Latin America (c)	13.6	14.8	13.8	25.9	32.3	7.6	-19.9	-28.7	-8.70
Growth of Foreign Debt									
Nicaragua	9.7	32.8	11.2	14.2	17.2	67.8	29.3	21.0	199.3
Central America	25.8	27.1	24.3	27.1	25.1	51.1	11.9	22.4	151.6
Latin America (c)	29.7	25.3	30.2	17.7	17.2	21.8	12.2	7.3	76.2
Ratio of Interest Payments to Exports of Goods and Services									
Nicaragua	—	7.1	9.3	9.7	15.7	15.5	31.7	36.1	
Central America	—	5.3	7.2	7.9	11.2	14.1	21.3	22.7	
Latin America (c)	—	11.9	15.1	18.8	23.3	31.3	46.2	39.1	

(a) Preliminary figures based on early 1984 estimates.

(b) Unweighted averages of the five traditional Central American nations: Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua.

(c) Non-oil-exporting countries only.

Sources: UN Economic Commission for Latin America, *Preliminary Overview of the Latin American Economy During 1983*, E/CEPAL/G.1279, dated 29 December 1983, *Economic Survey of Latin America*, various issues, and ECLA, *Centroamérica: evolución de sus economías en 1983 (Versión Preliminar)*, April 1984.

standard of living that took place in those years. One could only argue that there was a simple 'rebound' if the damages incurred during the revolution were not severe and if there had been no changes in the external markets faced by Nicaragua after the revolution. But the losses and destruction during that period, as discussed in greater detail below, were profound and permanent. Furthermore, Nicaragua faced during 1980-83 world market conditions for its exports and world financial conditions for its financing that were certainly no better than those faced by other Central American nations or Latin America as a whole.

Table 2 also places other dimensions of recent Nicaraguan economic performance in a context that permits clearer evaluation. The rates of inflation experienced in Nicaragua were, in fact, comparable to those encountered in all of Central America. The four-year total of 101.1 per cent for Nicaragua is only 23 per cent above the regional average; and it is less than one-third of the average inflationary experience of Latin America as a whole during the same years. What the table fails to convey is the fact that the Nicaraguan programme for rationing basic commodities has kept the absolute cost of basic commodities at one-half the cost found in the rest of Central America and has kept inflation in the prices of those basic commodities to less than one-quarter of the rate of inflation in the rest of the region.<sup>5</sup>

The decline in the value of Nicaraguan exports from 1980 to 1983, a total of 24.1 per cent, is only slightly above the region-wide average decline of 17.9 per cent. But Nicaragua managed to increase its imports (and, hence, total supply), far more than the region as a whole, adding increases in imports in all years but 1982 that were considerably above the average increases for the region as a whole, especially in 1982 and 1983 when Latin American import capacity fell by an average of more than 20 per cent per year.

The fact that Nicaraguan debt has grown by a factor of 1.9 since 1979 is less startling when viewed in the overall Central American context in which debt has grown by 151.6 per cent over the same period. The surge in the ratio of interest payments to exports of goods and services leaves Nicaragua at the end of 1983 with a ratio that is higher than the Central American regional average but below the Latin American average of 39.1.

These data on the last five years of economic results in Nicaragua clearly reduce the opportunity to suggest that Nicaraguan economic

<sup>5</sup> Inforpress, *Centroamerica*, 1983, Guatemala City, p 64.

policy can be dismissed as a simple failure. Using only the most aggregative measures, those favoured by relatively conservative evaluators, one can see that the Nicaraguan economy produced results over four years that were distinctly better than either the Central American averages or the Latin American averages on most terms. Even if we ignore the widely-documented internal social changes, advances in literacy, public health, and education, and the external military aggression to which Nicaragua has had to respond, the Nicaraguan economic record is impressive.

Why, then, the concerted attempts to delegitimise those processes? An answer to that question requires an exploration of both theory and ideology of development.

### **Differing Theoretical Approaches**

There are three broadly-stroked approaches to Latin American development and underdevelopment prevalent in Latin America today. Clustering all of the apparently distinct schools of thought into these three groups does injustice to the fine distinctions among them that adherents of one or another school spend considerable energy maintaining. But the history of Latin American economic thought tends to converge, not many years back, in the fundamental approaches discussed here. Each of the approaches comprises a paradigm in that it is a world-view endorsed by a community of scholars, policymakers, and others who are working on a particular topic. They also suffer from the obstinacy of 'paradigm blindness'. For, as noted by Wilber and Jameson, 'even when the questions are not addressed with a high degree of success, i.e., when there is a crisis in the community, members of the community continue to follow the paradigm's guidelines rather than breaking with that world-view and adapting another'.<sup>8</sup> This paradigm blindness may account for a significant part of the polarisation encountered over Nicaragua.

*The Neo-classical Developmentalist Approach.* This is the set of traditionally conservative theories that traces its lineage from the classical liberal writers of the eighteenth and nineteenth centuries (such as Adam Smith, Thomas Malthus, David Ricardo, John Stuart Mill) as transformed and 'modernised' by more recent authors, such as Rostow, Kuznets, Lewis, and others. This approach has consistently formed the

<sup>8</sup> C K Wilber and K P Jameson, 'Paradigms of Economic Development and Beyond', in *Directions in Economic Development*, K P Jameson and C K Wilber (eds), Notre Dame: Notre Dame University Press, 1979, pp 1-41.

core of US foreign economic policy, and it constitutes the theoretical basis most frequently found among the technicians of the major international institutions with headquarters in Washington, such as the World Bank, the International Monetary Fund, and the Inter-American Development Bank. These writers and these institutions endorse *laissez-faire* capitalism as the most efficient and, at least in the long run, the most equitable basis for the development strategies of the Third World.<sup>7</sup>

The neo-classical approach emphasises, of course, the tenets of competitive market allocation, both domestically and internationally, and it tends to associate the causes of underdevelopment with inappropriate pricing, inadequate domestic savings, capital shortages relative to development prospects, excess population growth, and inefficient internal organisation of the economy. The most common policy prescriptions for development include: encouraging foreign private investment as a source of badly-needed capital; reducing population growth rates by spreading population control programmes; creating competitive domestic capital markets to mobilise local savings; and pursuing free-trade policies based on current international comparative advantage. The benefits of development are expected to accrue to the majority of the members of society under this perspective through 'spread' or 'trickle-down' effects from the pursuit of private accumulation and investment. It has become a *de facto* characteristic of the approach that national economies are viewed most often as individual, autonomous entities capable of competing as equals in international markets. They are assumed to possess, in general, all the policymaking instruments and influence needed to determine their own futures.

The relatively 'more progressive' versions of this orthodox approach may be found in the attempts to focus directly on some levels of inequity or to develop more clearly directed development programmes oriented to 'basic needs'. The 'growth with equity' school<sup>8</sup> represents a relatively minor modification of the *laissez-faire* approach that seeks to remedy the most obvious debilities in the historical experience of the orthodox approach: the stagnation of real income for the poorest portions of even the fastest growing countries, the persistence of widespread unemploy-

<sup>7</sup> The World Bank, *Economic Development and the Private Sector*, Washington DC: The World Bank, September 1981; and US Department of the Treasury, *United States Participation in the Multilateral Development Banks in the 1980s*, Washington, DC: US Government Printing Office, February 1982.

<sup>8</sup> H. Chenery *et al*, *Redistribution with Growth*, Oxford: Oxford University Press, 1974; and J. H. Weaver, *et al*, 'Growth and Equity: can they be happy together?', in Jameson and Wilber (eds), *op. cit.*

ment, and the worsening of interpersonal income distributions.<sup>9</sup> The 'basic needs' approach attempts to transcend the 'trickle-down' bases of the orthodox approach by focusing on mobilising particular resources for particular groups identified as deficient in certain resources, such as adequate caloric intake, minimal health services, or the simplest of shelter.<sup>10</sup> The modifications in development strategies called for by these variants of the orthodox approach have grown in respectability among scholars in recent years, but they have lost much of their impetus among increasingly conservative policy-makers since the election of Mrs Thatcher and President Reagan.

It is significant that the development of the orthodox developmentalist perspective is almost entirely alien to Latin American contributors to the fundamental theories of the approach. There are virtually no internationally-renowned training centres for advocates of this perspective in Latin America. And the leading exponents of the approach to whom Latin Americans continually refer are either North Americans or Europeans.

*The Latin American 'Structuralist' Approach.* This post-World War II theoretical development of the Economic Commission for Latin America is based heavily on the research and writing of Raúl Prebisch, the first Executive Secretary of ECLA, and his students and colleagues.<sup>11</sup> It is a fundamentally non-Marxist approach that asserts that unfettered *laissez-faire* policies have lead consistently to the proliferation and the perpetuation of disadvantageous positions for all of Latin America. It is called a 'structuralist' approach because its advocates posit a series of characteristics of the underdeveloped economy (and characteristics of the international economy within which underdeveloped economies are expected to function) that are obstacles to development while being, at the same time, part of the 'structure' of the international capitalist system. For example, structuralists have long noted that pursuit of free trade based on momentary comparative advantage relegates most of the Third World to the production of unprocessed raw materials that generate little income, that are subject

<sup>9</sup> Wilber and Jameson, *op cit*, p 12.

<sup>10</sup> P Streeten, 'A Basic Needs Approach to Economic Development', in Jameson and Wilber (eds), *op cit*, p 79; see also International Labour Organisation, *Employment, Growth, and Basic Needs: a one-world problem*, New York: Praeger, 1977

<sup>11</sup> See R Prebisch, *El Desarrollo Económico de la América Latina y Algunos de sus Problemas*, Santiago, Chile: ECLA, 1949; ECLA, *Theoretical and Practical Problems of Economic Growth*, Santiago, Chile: ECLA, 1951; C Furtado, *Economic Development of Latin America*, New York: Cambridge University Press, 1976; and C Furtado, 'An Age of Global Reconstruction', in Jameson and Wilber (eds), *op cit*, pp 183-251.

to vast and violent price fluctuations, and that often create secularly worsening terms of trade.

The policy prescriptions of the 'structuralists' have tended to incorporate some or all of the following suggestions: an expansion of the role of the government in managing foreign and domestic financial flows in order to facilitate capital accumulation; policies of qualified protectionism in order to create the environment within which local industry can be given 'infant industry' protection while beginning to substitute local production for previously imported products, creating higher-income jobs at home; and income-redistributive domestic policies designed to stimulate the growth of the domestic market. Most economic allocation is nevertheless left to the functioning of private markets; and the anti-capitalist rhetoric of ECLA is rather carefully couched in terms that describe faults in the current international capitalist system without suggesting that the abandonment of that system is needed as a remedy.<sup>12</sup>

As the quasi-official perspective of ECLA and as the perspective implicit in most of the massive quantity of economic analysis that ECLA has undertaken in Latin America over the past thirty-five years, the 'structuralist' school enjoys greater respect among Latin American officialdom than virtually any other. It offers explanations for the relative underdevelopment of Latin America that, rightly or wrongly, shifts some of the blame for persistent poverty away from the impoverished people themselves. And it provides a relatively coherent basis for an 'activist' approach to government intervention in the interest of development. It has undoubtedly gained in political influence over alternative interpretations of the economic world in part because it provides a basis for state intervention to support private enterprise, securing for some entrepreneurs the benefits of monopoly profits, direct state subsidies to the costs of capital and labour, and solutions by the state for social problems that are production or employment related.

The 'structuralist' approach blossomed initially in Latin America and spread from there to other parts of the world. It has been shared, modified, and expanded by Cambridge School economists and the ILO; but its greatest number of adherents, both among writers, government officials, and academic training institutions is clearly in Latin America. One consequence of this relative hegemony in Latin America is that there are few Latin Americans who have a truly *laissez-faire* specialisa-

<sup>12</sup> ECLA, *Development Problems in Latin America: an analysis by the United Nations Economic Commission for Latin America*, Austin, Texas: University of Texas Press, 1970.

tion. Fundamental distrust of the neo-classical developmentalist approach runs deep in Latin America among even the business community and pro-capitalist scholars and officials.

*Neo-colonial Dependency Approach.* This category of approaches, for it is far less homogeneous than the previous two, encompasses fully Marxist analyses, Leninist interpretations of imperialism, and a very large quantity of contemporary interpretations of Latin American underdevelopment. They share several common bases: an acceptance of Marx's fundamental critique of capitalism and, therefore, a search for alternative bases for the most basic levels of social organisation; an historical approach that seeks to explain Third World immiseration as a direct product of domestic and international capitalist forces; and, for that reason, a strong predilection to dismiss market forces as bases for allocation, even under government control, and to substitute central planning for market processes.

The heterogeneity of this category of approaches is reflected in the distance that existed between the economic policies of the Allende regime, tempered in pragmatism and respect for democratic processes and the far more radical policies demanded by his vocal left-wing opposition. Its principal contributors have included Paul Baran, André Gunder Frank, Arghiri Emmanuel, Samir Amin, Cardoso and Falleto, and other contemporary intellectual leaders throughout Latin America<sup>13</sup> and the rest of the Third World, as well as in the more developed areas.

If the structuralist approach dominates economic policy in most of Latin America, the neo-colonial dependency approach dominates the political and intellectual discourse of the centre-left and left opposition. It is the intellectual underpinning of the insurgent movements in the hemisphere, although differences across groups within the same general framework account for much of the fragmentation of the left opposition groups in many countries.

The critiques of the approach, both from within and from without, are almost as numerous as the direct contributions. And there have been fewer opportunities in Latin America to develop concrete programmes and coherent sets of day-to-day policy based on this perspective. The

<sup>13</sup> See, among others, P Baran, *The Political Economy of Growth*, New York: Monthly Review Press, 1957; A G Frank, *Capitalism and Underdevelopment in Latin America*, New York: Modern Reader, 1969; A Emmanuel, *Unequal Exchange*, New York: Monthly Review Press, 1976; S Amin, *Unequal Development*, New York: Monthly Review Press, 1976; F H Cardoso and E Falleto, *Dependency and Development in Latin America*, Berkeley: University of California Press, 1979.

Cuban experience represents the best example to date of successful implementation of policies drawn from this perspective. But even the Cubans themselves, in open discussions with their 'friends' around the world emphasise the uniqueness of the Cuban experience, the mistakes that they made, and the need for the development of new locally-specific approaches.

The policies most consistent with the strict interpretation of these theoretical approaches tend to include rapid movement toward the elimination of private ownership of the means of production, a rapid expansion of central planning within the economy as a whole to substitute as widely as possible for market-based allocation of resources, and the creation of collective forms of production to eliminate private and individualistic production. Although there has been a strong movement toward further decentralisation of decision-making in Marxist Eastern Europe and in Cuba, there remains very little role for market-based decisionmaking in those economies. 'Marxist-socialist' societies, in transition to the full communism advocated by this approach, show clearly definable characteristics according to Gurley: 'A Marxist-Leninist party that has led the proletariat to power in a revolutionary way, established a dictatorship of the proletariat, and adheres to the principles of proletarian internationalism' and 'production in which industry is nationalised, agriculture collectivised, and national planning established . . .'<sup>14</sup>

Marxist approaches to underdevelopment create relatively clear and coherent analyses of the origins of economic crisis and suggest internally consistent long-term policy directions. But there has been much less development of concrete programmes for transition from capitalist underdeveloped societies to socialist and, ultimately, fully communist societies. There is considerable consciousness, among writers in this vein, of the need for historically-specific policies that reflect inherited conditions, including the level of development of the class struggle and external constraints on development. The development of concrete policies for transition, applicable generally in cases such as that of Nicaragua, remains a challenge to this approach.

### **Differing Perspectives on Pre-Revolutionary Nicaragua**

One finds perhaps the best applications of the neo-classical developmentalist approaches in the documents of the World Bank, AID, and

<sup>14</sup> J G Gurley, 'Economic Development: a Marxist view', in Jameson and Wilber (eds), *op cit*, p 249



the Inter-American Development Bank. If one looks, for example, at the pre-revolutionary reports which they published on Nicaragua, the outlook and perspectives are quite sanguine.

The first World Bank mission to Nicaragua, from July 1951 to May 1952, reported that the principal weaknesses in the Nicaraguan economy were basically administrative: an 'archaic fiscal system', an inadequate transportation system, an ineffective credit system, and the absence of 'long range planning and . . . a concrete investment programme within the government'.<sup>15</sup> The mission's report called for programmes to improve sanitation, education and public health because, in its own words, 'Without exception, the mission found that in every sector of the economy high disease rates, low standards of nutrition, and low educational and training standards are the major factors inhibiting the growth of productivity'.<sup>16</sup>

The crucial role of the private sector was explicit. 'Up to the present time', the report noted, 'domestic private investment has, with few exceptions, done relatively little to develop the country's productive capacity'. But, it noted:

In view of the extraordinary opportunities for private investment, which should increase further with the rising rate of public investment and the moderate tax rates, private capital has a favourable economic environment. It should play a major role in promoting the country's rapid development. It is particularly desirable that it do so.<sup>17</sup>

The mission concluded that the 'progressive measures' undertaken by the Somoza government at that time, including reducing inflation by balancing the budget, beginning the formulation of a five-year plan, calling for fiscal reform and creating a National Economic Council composed of business leaders, represent 'the achievement of a government alive to the needs of the country and with the will and desire to progress'.<sup>18</sup>

If one reviews pre-revolutionary issues of the Inter-American Bank's annual report on 'Social and Economic Progress in Latin America', the problems that Nicaragua faced were antiseptically technical. Prices would tend to rise in some years because credit expanded too much, the government would begin one new programme or another, and the only alarm that might be raised concerned 'imbalances': occasionally

<sup>15</sup> IBRD (International Bank for Reconstruction and Development), *The Economic Development of Nicaragua*, Baltimore: Johns Hopkins University Press, 1953, p 4.

<sup>16</sup> *ibid.*, p 22.

<sup>17</sup> *ibid.*, pp 97-8.

<sup>18</sup> *ibid.*, p 6.

excessive deficits, credit expansion that created inflation, balance-of-payments problems, etc. 'Economic progress' was defined, implicitly, as avoidance of crises, primarily crises in terms of major aggregate 'imbalances'. The problems of each year, whether unexpected declines in the prices of export products or increases in the costs of imports, capital inflows for new foreign investment projects or outflows in pursuit of better opportunities, were treated as the normal vicissitudes to which a nation must be prepared to adapt itself in order to progress.

Nicaragua was, from the orthodox perspective, a country without significant and tangible obstacles to economic growth during the 1960s and 1970s. It was a country that participated in the Central American Common Market, grew relatively strongly through the 1960s, and suffered from the common problems of the entire region in the 1970s. Nicaragua enjoyed the second highest average rate of GDP growth in the region from 1950 to 1960, 6.1 per cent per year, well above the 4 per cent to 5 per cent experienced in Guatemala, El Salvador, and Honduras, and topped only by the 7.3 per cent annual growth in Costa Rica. From 1961 to 1968, Nicaraguan aggregate growth was the strongest in the region; it averaged 9.8 per cent per year, falling to an average of 6.7 per cent per year from 1969 to 1977.<sup>19</sup> There was some attention drawn to a thirty-fold increase in foreign debt from 1960 to 1976 (from \$21.7 million to \$702.3 million), but since agricultural exports were also increasing the debt servicing was not seen as a serious problem.

The Nicaraguan revolution was a severe blow to the prospects for continued evaluation using the neo-classical developmentalist perspective. The Kissinger Commission, although heavily weighted toward conservative business-based members, was forced to step well outside the orthodox paradigm to explain the crisis. It turned, in fact, to ECLA for an historical overview of the crises in Central America. 'In ECLA's judgment', the Commission reported, '—and the other experts consulted on this point were in virtually unanimous agreement—"the fruits of the long period of economic expansion were distributed in a flagrantly inequitable manner"'.<sup>20</sup> The Commission was even less kind to the pre-revolutionary Nicaraguan leaders in its post-revolutionary evaluation. The Somoza regime, it suggested, 'was characterised by

<sup>19</sup> W Cline and E Delgado (eds), *Economic Integration in Central America*, Washington DC: The Brookings Institution, 1978, p 61; and IDB (Inter-American Development Bank), *Social and Economic Progress in Latin America*, Washington DC: IDB, 1978, p 8.

<sup>20</sup> National Bipartisan Commission on Central America, *Report of the National Bipartisan Commission on Central America*, Washington DC: Office of the President, January 1984, p 23.

greed and corruption so far beyond even the levels of the past that it might be called a kleptocracy; it included a brazen reaping of immense private profits from international relief efforts following the devastating earthquake of 1972'. And '... repression became systematic and increasingly pervasive'.

The World Bank's first post-revolutionary reassessment of Nicaragua also forced it to look at dimensions that it most often omits from its analyses. The Bank's 1981 report discovered vast inequality in the distribution of land: '... fewer than 1,500 estates with over 350 hectares each controlled 38 per cent of the land in farms and ranches . . . In the most densely settled Pacific region . . . fewer than 750 farms had more than two-thirds of the farm land'.<sup>21</sup> It found landless, desperate rural families: '... about 50,000 before the revolution, equivalent to about one-fourth of the total number of rural families'. But to this day the World Bank avoids involvement in programmes that expropriate and redistribute land (even with complete compensation) in response to these inequities.

*The Structuralist View.* The structuralist perspective on Central America has gained considerable increased credibility in view of the problems that the economies of the region have been facing for the past ten years. ECLA has emphasised three dimensions of the background for the Central American crisis that were specifically relevant to Nicaragua. The ECLA perspective, in looking at pre-revolutionary Nicaragua, emphasises the fundamental instability of the external orientation of the economy, the fact that 'development' occurred for only a minority and that it was 'superimposed' on a strong prevailing existing minority structure of economic power leaving basically untouched the majority of the population of the nation.<sup>22</sup>

Structuralist perspectives on Nicaraguan underdevelopment note first that the limited growth that was achieved in the 1960s and 1970s was brought about by expansion of production for export into raw materials markets where prices were notoriously competitive, unstable, and depressed. They note, further, that Nicaragua is inevitably a small, fragile participant in the global economy, producing less than 0.5 per cent of Latin America's total GDP with 0.8 per cent of the region's population. That fragility and instability would be further emphasised

<sup>21</sup> The World Bank, *Nicaragua: the challenge of reconstruction*, Report No. 3524-NI, September 1981, p 8.

<sup>22</sup> ECLA, *The Crisis in Central America: its origins, scope, and consequences*, Santiago, Chile. E/CEPAL/G.1261, 15 September 1983.

by noting that 40 per cent of the nation's internal financing during the 1970s came from foreign banks.

ECLA estimated (and the Kissinger Commission also echoed) that 63.7 per cent of the population of Central America and 62.5 per cent of the pre-revolutionary Nicaraguan population were in a state of critical poverty, in the sense that their incomes did not cover their most basic needs. Nearly 35 per cent of the Nicaraguan population was characterised as being in 'extreme poverty'. This meant that they 'did not even have sufficient income to cover the value of the minimum shopping basket of food considered necessary in order to meet their biological nutritional needs'.<sup>23</sup>

The concentration of wealth and its inherently anti-democratic consequences represent the third strain of structuralist approach to Nicaragua's past. The wealthiest 20 per cent of the Nicaraguan population prior to the revolution received 58 per cent of all the income generated in the nation, the highest proportion in the region with the single exception of El Salvador, where the richest 20 per cent receive 66 per cent of all income. The poorest 50 per cent of the population of Nicaragua received only 16 per cent of all income, providing them with an average annual income of about one-tenth the average income of the wealthiest 20 per cent.

*The More-Radical Perspective.* From a neo-colonial dependency perspective, the structuralist analysis is inadequate; for the structuralists tend to avoid going beyond the identification of the elements of injustice and inefficiency to an analysis of the basic underpinnings of the society that created them. Marxist analyses of the pre-revolutionary period of Nicaragua are more distinctly historical and more concretely global than the descriptions provided by the structuralist approach.

From the more radical viewpoint, Nicaraguan underdevelopment is a direct and inevitable product of the role that it has been assigned or allowed to play in the development of the global capitalist system. Those periods of economic boom that it has known have been almost uniformly linked to direct foreign investment or foreign lending for the development of export products. The persistence of abysmal social and economic conditions represented a conscious attempt to keep the costs of reproducing the labour force to a minimum. Control of the nation by elites whose fortunes were amassed through participation in this international exploitation of the Nicaraguan working class was main-

<sup>23</sup> *ibid.*, p 13

tained as needed by the use of military force, foreign economic assistance, and an evolving regional and international network of defence agreements, economic pacts, and information exchange. Capitalist development at the global level was the source of Nicaragua's problem, not its solution.

Marxist interpretations of the pre-revolutionary history delve more deeply into the nature of the growth spurt that Nicaragua enjoyed from 1950 to 1977 and into the class-based contradictions that were created. The export-led growth, especially the rapid expansion of commercial cotton production and import-substituting industrialisation created a new composition and differentiation of classes, according to Herrera Zuniga.<sup>24</sup> The processes of cotton expansion provoked widespread displacement and proletarianisation of the peasantry and clearly traceable concentration in land tenure. Central Bank data from the period indicated that the average rural wage worker in 1976 only worked 78 days a year and at an average salary of \$2.50 per day.<sup>25</sup> And import-substitution, under the Central American Common Market, displaced additional thousands of artisans.

The transformation of the state into a developmental protagonist, following the advice of the World Bank Mission in 1953, led to consolidation of Somoza's control over virtually every aspect of the nation's developmental processes, converting the state into the proponent of the infrastructure projects needed by Somoza's private investment group and generating 'an intense gamut of social and economic contradictions'.<sup>26</sup> Somoza was able to co-opt much of his opposition through his control of state employment, state projects, and state subsidies to finance. But the same policies radicalised the opposition in the powerful economic groups that competed with his. The use of the state to subsidise private profits created the highest profits in the region but shifted the costs to consumers and non-benefited producers. And the use of the state's repressive powers left Nicaragua with no vent for worker protest; for Nicaragua had fewer than 11,000 unionised workers in 1975, less than one-fifth the region-wide average.<sup>27</sup>

The high profitability of cotton production led to further expansion of many new firms and the duplication of investments and activities without the needed expansion of the domestic markets. The resulting

<sup>24</sup> R Herrera Zuniga, 'Los Antecedentes de la victoria', *Nexos*, November 1979, pp 23-33.

<sup>25</sup> *ibid.*, p 24.

<sup>26</sup> *ibid.*, p 27.

<sup>27</sup> Cline and Delgado, *op cit*, p 188.

reduction in levels of profits led businesses, with the open assistance of the state, to reinforce the levels of exploitation of workers during the early 1970s. The internal split in the bourgeoisie coincided with the development of new forms of organisation among the workers to resist the heavier hand of state intervention and repression, and the now-famed broad-based Sandinista revolution resulted.

A Marxist interpretation of the last years of the Somoza regime would also note the 'disciplinary role' played by international capital markets in keeping governments and, hence, nations 'in line'. The economic collapse of the Somoza regime began in 1978 when the 'September Insurrection' demonstrated to the world that the workers of Nicaragua had far greater possibility of resisting their roles than anyone had previously realised. It is an irony that can be read even from the statistical tables of the World Bank that the flight of domestic capital and a dramatic reduction in public and private foreign lending to Nicaragua in 1978, prior to the revolution, undermined Somoza at precisely the moment when he needed more international assistance to resist the insurrection, not less.

### **The Costs of the Insurrection**

There is rather striking agreement among all sources on the costs of the Nicaraguan revolution. Virtually the same estimates appear in Nicaraguan government documents, World Bank studies, and ECLA reports; and there is little difference in interpretation of the profundity of the long-term costs.

The toll was enormous. The lowest estimate of the human toll suggests that 30,000 people were killed in political violence during the last two years of the insurrection alone. This is ten times the number of persons killed in the Cuban Revolution, and the Cuban population was three times larger than the population of Nicaragua. The most commonly-cited statistic suggests 50,000 persons died from political violence over the five years prior to July 1979, including many thousands who disappeared without a trace.<sup>28</sup> The vast majority died at the hands of the Somoza government, and the greatest physical damage was attributed to the bombing and strafing of cities by the National Guard and to looting during the days of their waning control.

According to the World Bank, private investment shrank to virtually nothing during early 1979, construction was virtually halted, real GDP

<sup>28</sup> ECLA, *Nicaragua: repercusiones económicas de los acontecimientos políticos recientes*, Santiago, Chile: E/CEPAL/G.1091, August 1979.

dropped by 25 per cent and virtually all production ceased for the months of June and July. The income foregone from late 1978 to early 1980 because of the insurrection and its direct damages exceeded billion dollars, the value of a full year of GDP. (That would be the equivalent of \$1.3 trillion loss to the US economy at the same time.

Direct damages to factories and stores and the looting of inventory of both raw materials and finished products affected nearly every business in the nation, whether bombed by Somoza's airforce, caught in crossfire, or broken into during the disorders. The total direct damage estimated by a special ECLA mission during the months immediately following the end of the insurrection exceeded \$480 million.

The World Bank mission a year later in October 1980 also estimated that the flight of capital prior to and during the conflict 'exceeded half billion dollars'.<sup>29</sup> ECLA reported that the banking system, when nationalised, was found to have been 'completely decapitalised, virtually insolvent because of many transactions during the last phases of the conflict which were 'of doubtful legality and completely illegal'.

Both organisations noted that the foreign debt inherited from the Somoza regime, approximately \$1.6 billion, was a particularly acute problem. For there had been extensive short-term borrowing from commercial lenders during the last two years of the Somoza era.

The crucial and immediate need for external financial assistance was emphasised by both reports. The very viability of the financial and monetary system and, as a result, economic stabilisation in general depended upon obtaining new foreign resources to rehabilitate the nation's productive capacity, according to ECLA. 'If it does not receive these resources, the country will face a cruel dilemma: a monetary disequilibrium and the unleashing of further inflation or an even greater contraction of economic activity under conditions when an elevated proportion of the population is now unemployed'.<sup>31</sup>

The World Bank mission's assessment was identical. In the first place it noted, 'the negative consequences of the war are far from over. Per capita income levels of 1977 will not be attained, in the best circumstances, until the late 1980s'.<sup>32</sup> 'The next two to three years will be difficult and the probabilities of debt-servicing and financial problems are high. However, if Nicaragua can obtain substantial

<sup>29</sup> The World Bank, *Nicaragua: the challenge* . . . , *op cit*, p 2.

<sup>30</sup> ECLA, *Nicaragua: repercusiones* . . . , *op cit*, p 24.

<sup>31</sup> *ibid.*

<sup>32</sup> The World Bank, *Nicaragua: the challenge* . . . , *op cit*, p ii.

financing in the near term, a considerable improvement in its creditworthiness three to four years hence can be foreseen. . .'<sup>33</sup>

The Bank's assessment, however, seems to have been converted into a blueprint for subsequent anti-Nicaraguan policies. For it noted also that 'any untoward event could lead to a financial trauma, since the country would not be able to obtain commercial financing as a buffer. Moreover, it would be very difficult indeed to restrain consumption for such a long period'.<sup>34</sup> The mission's report concluded that 'it would be highly desirable for the country to receive external assistance at concessional terms and in excess of the foreign exchange component'.<sup>35</sup> That recommendation was superseded by a subsequent Bank study, discussed below, that became the basis for cutting assistance to Nicaragua from the Bank, converting Nicaragua into one of the few clients of the bank worldwide who now pay more back than they receive.

### **The Economic Policies of the Post-Revolutionary Government**

There are several extensive discussions of the overall policies of the Nicaraguan government available in other studies. Let it suffice for our purposes here to list and discuss briefly the major characteristics of the policies prior to entering into a discussion of the responses that they have engendered from advocates of differing theoretical perspectives. (For fuller discussion of the policies, see FitzGerald and Sims.<sup>36</sup>)

The Government of National Reconstruction, that took office in July 1979, included representatives of the full spectrum of political perspectives that supported the revolution. The junta included business people, ranchers, guerrilla commanders, and representatives of the working class. The economic model that was adopted by that junta, and which remains largely in effect to this date, reflects an early commitment to broad participation and economic pluralism. There are few major characteristics of Nicaraguan economic policy five years after the revolution that were not originally implemented by that first broadly-based junta.

The new Nicaraguan government officially characterised its goals as

<sup>33</sup> *ibid.*, p 57.

<sup>34</sup> *ibid.*

<sup>35</sup> *ibid.*

<sup>36</sup> E V K FitzGerald, 'The Economics of the Revolution', in T W Walker (ed), *Nicaragua in Revolution*, New York: Praeger, 1982, pp 203-21; and H Sims, 'Sandinista Nicaragua: pragmatism in a political economy in formation', Paper No. 5 in the ISHI *Occasional Papers in Social Change*, Philadelphia: The Institute for the Study of Human Issues, 1981.



the pursuit of 'development and the mixed economy'. That mixed economy consists, in the government's vision, of four principal sectors: traditional businesses in the private sector, the state sector, production cooperatives in the city and the countryside, and the peasant and artisanal sector.<sup>37</sup> The state sector consists of traditional government production and services (postal services, telecommunications, defence, etc.) and the public sector that was created, with virtually universal support throughout the country, from the expropriated properties of Somoza and his closest personal, political, and business associates.

Somoza's control over the economy was so pervasive that the state found virtually 25 per cent of all production in its hands immediately after the end of the insurrection. By late 1980 the expansion of government services and the consolidation of state control over partially-expropriated firms (by buying-out minority partners) left 4 per cent of production under direct state control.<sup>38</sup> The proportion has remained the same to this date, although there is considerable debate about whether cooperatives should be classified as private or public. The distribution of titles to thousands of members of agricultural cooperatives for full private ownership of previously expropriated land has increased the share of agricultural production in the private sector. But increases in productivity in state sector farms and industries has expanded public sector production proportionately.

The satisfaction of basic needs is listed by the government as 'the underlying principle of the overall development strategy'.<sup>39</sup> It attempts, formally, to fulfill this goal by expanding popular participation in the provision of health and educational services, through agrarian reform, and by rechanneling credit to the small farmers, small private producers, cooperatives, and the state sector. There is no evidence that significant changes in those proportions are contemplated or are being produced.

The consensus among many observers of the Nicaraguan economy suggests that the following are the other principal components of the economic strategies to date:

- a) Market pricing and allocation determine the vast majority of all economic decisions within the country. Although minimum wages have been established for all areas and all types of work, there has

<sup>37</sup> JGRN (Junto de Gobierno de Reconstrucción Nacional), 'The Philosophy and Policies of the Government of Nicaragua', in P Rossett and John Vandermeer (eds), *The Nicaragua Reader: documents of a revolution under fire*, New York: Grove Press, 1983, p 9.

<sup>38</sup> Unpublished data from the Ministry of Planning, Managua, May 1984.

<sup>39</sup> JGRN, 'The Philosophy and Policies . . .', *op cit*, p 10.

been no attempt to plan, allocate, or otherwise organise labour markets in the form that characterises the actually existing socialist countries;

b) There is government control over all imports and exports through a new Ministry of Foreign Trade that is designed to eliminate the possibility of adverse foreign exchange movements through over-invoicing and under-invoicing, a chronic problem in much of Latin America;

c) There has been an agrarian reform that has affected approximately 30 per cent of all arable land, converting about one-third into privately-held cooperative farms and the remainder into higher technology state farms. Unlike any other agrarian reform in Latin America, however, the Nicaraguan government issued a decree in December 1983 that provides for a 'guarantee of inexpropriability' for any land in production, regardless of the size of the holding;

d) There has been a government-encouraged increase in worker-participation at all levels of production, including reinforced union organisations in commercial and industrial establishments, a national farmworkers association, and associations for all professional workers, including direct representation of these groups on the legislative Council of State. These groups have been encouraged to monitor the application of the reinforced occupational safety and health legislation and to watch for 'decapitalisation' of firms and farms by private owners in opposition;

e) Private production in agriculture has been stimulated, at times, by direct government production contracts signed in advance of planting that stipulate the purchase price of seed, the cost and frequency of chemical applications, and the guaranteed purchase price for the harvest. No farmer is forced to produce according to these contracts; there remain open markets for the sale of all agricultural products throughout the country;

f) Prices and wages have been kept from rising by selective government price and wage controls. And there has been a deliberate effort to keep nominal money wages at relatively low levels; the increases in the provision of social services, although somewhat intangible for many workers, has been offered by the government as an alternative to higher money wages.

g) Rationing of several basic goods, primarily in Managua, has been instituted to regularise and guarantee the provision of basic

commodities at subsidised prices to all families. Supplies of all rationed commodities (except gasoline) are traded freely in the market-place at prices considerably above the subsidised basic ration price.

### **Differing Assessments of the Economic Strategies**

The Nicaraguan government does not consider itself or call itself a Marxist government. There is, in fact, no nation in the world that calls itself 'Marxist' and that still depends on so many characteristics of the free enterprise system. But that does not mean that those who had benefited under the *laissez-faire* policies of the Somoza era can be expected to accept the 'changes in the rules of the game' that have been embodied in the design of the new Nicaraguan social and economic structure. This new society is 'totalitarian' for them. They have lost significant elements of their freedom to produce and trade without government intervention. They have also lost much of the political influence that they enjoyed when power was closely associated with personal wealth. It is not surprising, then, that representatives of the US business press can find, whenever they wish, individuals who are willing to speak against the policies of the government.

*The Orthodox Perspective.* From this point of view, there are many problems with the strategies that have been followed and the nature of the 'new Nicaraguan economy' that is being created. These attitudes are especially apparent in the publications of COSEP, the Private Enterprise Council, that continues to function and to comment vociferously on government policies. From the COSEP perspective, the new economic strategies concentrate excessive and inappropriate control in the public sector. This has been accompanied by excessive deficit spending that undermines the private economy -and that is not sustainable. The profit incentives provided in production contracts are considered insufficient, and government encouragement of worker organisation has meant that worker discipline has broken down. Private investors argue that it is no longer attractive to invest in Nicaragua, even by comparison with the low current returns available on investment in other parts of Latin America.<sup>40</sup>

It is also argued that the expansion of government production and the imposition of government controls over finance and exports represents an unstable balance of government and private sector that must tilt

<sup>40</sup> COSEP (Consejo Superior de la Empresa Privada), *Análisis del Programa de Reconstrucción Nacional*, Managua: COSEP, 1981.

ther one way or the other. Either there must be movement toward much greater private sector domination of the economy or there must be a move toward full state socialism (which they simply call communism).

The World Bank's last assessment of economic conditions in Nicaragua reflected many of these positions.<sup>41</sup> This last report, as distinct from the report of the mission from October 1980, reflects both the internal political changes in the Bank as much as changes in conditions in Nicaragua. Between the first Bank visit and the second, Robert McNamara was replaced by A W Clausen as president of the Bank and the Reagan administration had begun to question the 'political advisability' of continuing US support for the Bank's programmes. The new assessment of Nicaragua is surprisingly and harshly critical by traditional Bank standards.

The new leaders of Nicaragua have created, the report admits, a 'mixed economy' that 'has left most productive and commercial enterprises in private hands, albeit under highly expanded government influence . . .'.<sup>42</sup> The Bank admitted that it had negotiated for the private sector in its dealings with the government, insisting on new 'clear and consistent rules of the game for the private sector', acceptable to the Bank, as a precondition for any further Bank lending.<sup>43</sup> Although there is a brief mention of the fact that Nicaraguan exports face declining prices, the principal focus of the Bank's critique rested with the stagnation of the private sector and the consequences that would have for future exports, especially in view of the 'unknown but probably poor efficiency (sic) of the state industries'.<sup>44</sup>

That the country is now 'marginally creditworthy' is blamed primarily on problems in the growth rate of exports, leaving Nicaragua with foreign-exchange shortages as the 'overwhelming medium-term problem'. Solution of the problem, the expansion of exports, is said to be contingent on private sector participation. And that private sector operation 'will not be achieved in the near future'.<sup>45</sup>

*The Structuralist View.* ECLA has led the hemisphere-wide campaign to increase awareness of the extent to which Latin American development problems are presently hindered by the deterioration in prices for products exported from the region and increases in prices of those that

The World Bank, *Country Program Paper: Nicaragua*, 16 February 1982.

*ibid.*, p 1.

*ibid.*, p 12.

*ibid.*, p 10.

*ibid.*, p 10.

**Table 3: Evolution of External Trade Relations: Nicaragua, Central America, and non oil-exporting Latin America**

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1981-3
Exports: % Growth of Quantities										
Nicaragua	6.3	6.1	-2.7	6.7	-8.1	-30.7	13.0	-9.7	7.9	11.2
Central America (b)	2.3	5.8	1.2	5.0	11.5	-6.7	-2.1	-12.1	-4.7	-19.0
Latin America (c)	0.0	9.7	8.3	10.0	10.2	5.3	13.2	-3.3	9.1	19.0
Exports: % Growth of Unit Values										
Nicaragua	-7.1	36.3	24.3	-4.9	-4.5	14.2	-1.9	-5.0	-5.0	-11.9
Central America	5.6	24.8	30.8	-3.8	0.5	8.9	-6.7	-1.4	-0.8	-8.8
Latin America	-0.7	8.9	13.8	-2.5	10.7	12.2	-7.1	-6.7	-5.1	-18.9
Imports: % Growth of Quantities										
Nicaragua	-22.4	-0.2	23.7	-28.8	-48.6	95.1	7.5	-31.4	6.8	-31.4
Central America	-12.3	10.3	16.8	1.7	-10.4	11.4	-6.5	-24.7	2.4	0
Latin America	-5.7	-3.8	4.8	5.3	9.1	2.2	-6.9	-17.7	-13.2	-24.6
Imports: % Growth in Unit Value										
Nicaragua	15.0	3.4	6.3	10.3	14.6	23.1	3.9	5.0	3.0	3.9
Central America	12.9	5.1	10.1	6.4	13.8	19.6	4.8	4.6	0.4	0
Latin America	9.4	4.3	5.7	6.3	21.7	26.9	6.8	-3.2	-4.2	6.8
Terms of Trade: % Change										
Nicaragua	-16.1	17.7	27.4	-11.3	-11.9	-1.4	-5.8	-9.5	-7.8	-17.3
Central America	-	16.7	28.8	-9.9	-11.5	-3.8	-11.3	-5.7	-2.2	0
Latin America	-9.4	4.2	6.7	-7.6	-2.4	-7.2	-13.1	-7.6	-1.6	-22.3

(a) Preliminary data based on mid-year estimates

(b) Unweighted averages for the five traditional Central American nations: Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua.

(c) Non-oil-exporting countries, i.e., excluding Mexico, Peru, Venezuela, and Trinidad and Tobago.

Sources: UN Economic Commission for Latin America, *Preliminary Overview of the Latin American Economy During 1983*, E/CEPAL/G.1279, dated 29 December 1983; and *Economic Survey of Latin America*, various annual issues.

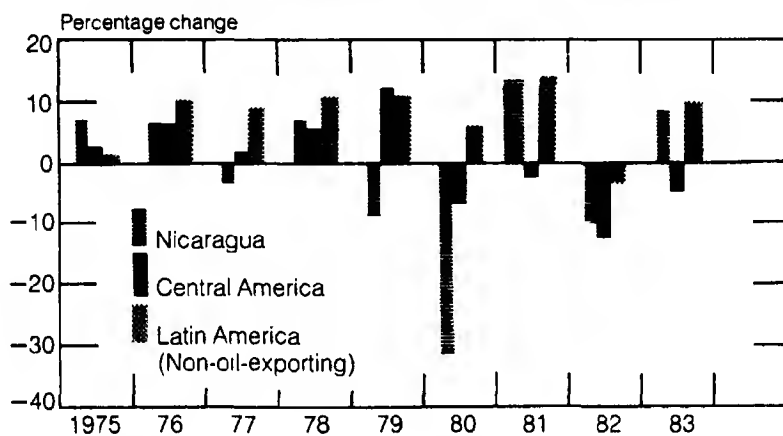
are imported. The campaign is particularly relevant to the current Nicaraguan situation. Table 3, for example, shows that Nicaragua generated strong increases in the *quantity* of exports in two out of three of the years for which the new government was responsible for plantings. Export production was up 13 per cent in 1980 and 7.9 per cent in 1983. The damages of the insurrection in 1979 that disrupted plantings of the crops to be exported in 1980 led to the 30 per cent reduction in export production that year. The decline in 1982 has been directly attributed in a separate ECLA document to the severe floods of May 1982 that left 70,000 persons homeless and destroyed nearly 45 per cent of the cotton plantings.<sup>46</sup> The net increase of 11.2 per cent from 1981–3 contrasts markedly with the decrease of 18.9 per cent for the Central American region as a whole, including four nations that presumably have no similar 'difficulties' with private sector production!

The prices that Nicaragua has received for its export products, on the other hand, have fallen by 11.9 per cent from 1981 to 1983, considerably more than the average for Central America (8.8 per cent). At the same time, the international prices of the products Nicaragua imports have increased by 11.9 per cent in the last three years and by 35 per cent in the last four. Again, that was a greater increase than either the Central American average (9.8 per cent from 1981–3, 29.5 per cent from 1980–3) or the non-oil-exporting Latin American average. The net weighted result of the two price trends is reflected in the 'terms-of-trade' data also in Table 3. Nicaraguan terms of trade have deteriorated by 24.5 per cent over the past four years and by 23.1 per cent in the last three. The Central American regionwide average also showed considerable decline, but not a decline in terms of trade equivalent to that faced by Nicaragua. The non-oil Latin American nations suffered a slightly greater loss in the purchasing power of their exports over the four-year period, but less of that decline in the last three. Figures B and C demonstrate graphically the relative magnitudes of the changes in export volumes and terms of trade.

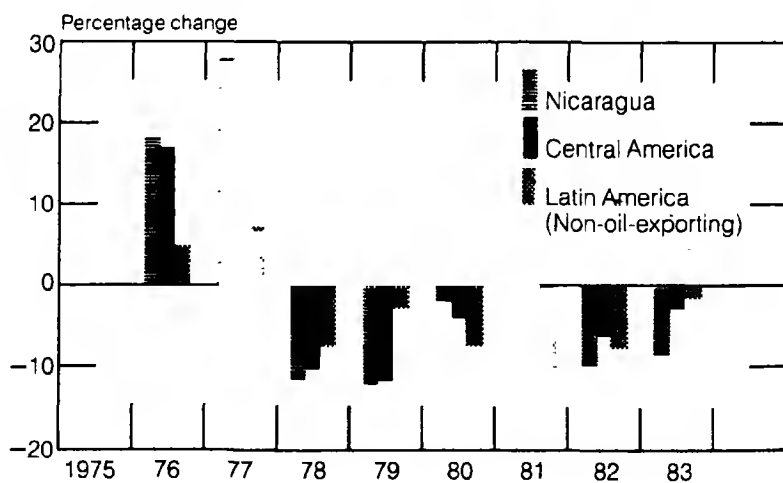
ECLA's reports each year on Nicaragua have noted, without comment or evaluation, the improvements in the economy that have occurred. Improvements in the distribution of income and social programmes that have benefited broad sectors of the population, financed by expansion of the government deficit and covered by foreign borrowing, are juxtaposed by ECLA against the deterioration of the

<sup>46</sup> ECLA, *Estudio Económico de América Latina, 1982: Nicaragua*, Santiago, Chile: E/CEPAL/L.286/Add. 4, 1982.

**Figure B**  
**Annual changes in the volume of exports**



**Figure C**  
**Annual changes in the terms of trade**



terms of trade, and, for 1982, the severe 'climatological' difficulties of the year. These reports have also noted, among the factors that Nicaragua has had to face, 'tensions provoked by groups opposed to the government that led to frequent situations of violence', 'extra-economic' factors such as the increase in allocations to national defence in response to that violence, 'the obstruction of foreign capital markets', 'capital flight', and 'the resistance of some entrepreneurs to accept the economic policies of the government'.<sup>47</sup>

ECLA noted in particular that the decrease in output in 1982 was closely associated with the government's difficulty that year in obtaining the external finance needed to cover the shortfall in exports. 'These adverse conditions alone', it noted, 'would have been sufficient to slow the expansionary trend in the economy and the execution of a variety of social programmes that were to have been initiated that year'.<sup>48</sup> This was also the first year in which the deliberate policies of reducing financial assistance to Nicaragua were initiated by the World Bank. The rebound in external financial assistance in 1983 was accomplished despite the fact that the World Bank and the Inter-American Development Bank had acceded to strong and public pressure from the US government to reduce lending to Nicaragua.

### **The More-Radical Interpretation**

Some of the most coherent criticism from the Left of the Nicaraguan economic strategies has come from within Nicaragua itself. Much of the Left outside Nicaragua has tended to hold in abeyance its critique of the Nicaraguan model because the external aggression that Nicaragua faces requires that solidarity be considered first.

At risk of creating a caricature, one can extrapolate from private conversations and indicate the critique that might be forthcoming. There are three dimensions of the present Nicaraguan model that may be inconsistent from a Marxist-Leninist perspective. First, the Sandinistas are creating a mass of internal contradictions and inconsistencies for the transition to a truly socialist state by offering or promising the private sector a continued and significant role in the economy. Second, the decision to continue to participate in the capitalist-dominated system of growth led by primary product exports limits the possibilities for future growth as much as it limited the historical development of the nation and continues to subject the nation as a whole to the oppor-

<sup>47</sup> *ibid*, p 3.

<sup>48</sup> *ibid*, p 1.



tunities for US economic boycotts and to the vagaries of international commodity price fluctuations. And third, the severity of the financial attack upon Nicaragua should have been anticipated at the time that Nicaragua agreed to honour the foreign debts of Somoza; with more than 35 per cent of exports now required simply to serve the foreign debt, default and separation from the international financial markets would have enhanced the prospects for full and rapid transition to socialism.

One can find some of these theoretical criticisms even among the writings of those who support the new Nicaragua. Henri Weber, for example, noted that during the first year 'the FSLN's "generosity" towards its real enemies and false allies (the bourgeoisie) aroused some fears, both in Nicaragua and elsewhere, that the Sandinistas were giving in to the disastrous Stalinist line of "revolution by stages" with the risk of losing control to the counter-revolution'.<sup>49</sup> He also expressed concern that the FSLN's 'productivist' austerity policy was roughly implemented and that it was 'not winning them only friends'.<sup>50</sup>

A good example of the internal critique from the Left can be found in Vargas.<sup>51</sup> Writing in Nicaragua, he has criticised the Sandinistas for their 'consumerist' and 'productivist' orientation, especially during the first years. They failed to take advantage, he suggested, of the 'passivity of the greater bourgeoisie and the relative neutrality of the middle and petty bourgeoisie' when they did not press for greater and more radical economic transformations in the first years.<sup>52</sup> He would have expanded the state sector much more rapidly.<sup>53</sup> Price freezes in the growing state sector have effectively nullified savings in that sector, he suggests, and have served to subsidise the profit levels of the private sector. Monetary expansion without essentially 'squeezing' the private sector further has created multiple opportunities for the private sector to maximise profits by channeling them into non-productive, speculative ventures.<sup>54</sup> He criticises the government for insufficient *golpes* against the 'privileged classes'.<sup>55</sup> And, providing further irony, he suggested the same conclusion proposed by the World Bank at about the same time. It is, he

<sup>49</sup> H Weber, 'Nicaragua: the Sandinist revolution', in F Ambursley and R Cohen (eds), *Crisis in the Caribbean*, New York: Monthly Review Press, 1983, p 106.

<sup>50</sup> *ibid.*, p 111.

<sup>51</sup> OR Vargas, 'Nicaragua: economía y revolución II', *Coyocoucan* (April-June 1981), pp 59-104

<sup>52</sup> *ibid.*, p 67.

<sup>53</sup> *ibid.*, p 83.

<sup>54</sup> *ibid.*, p 87.

<sup>55</sup> *ibid.*, p 87.

suggested, 'impossible to contemplate a "harmonic", equilibrated and parallel development of the private sector and the state sector'.<sup>56</sup>

These comments are in no sense 'representative' of all thinking about Nicaragua by adherents of the more radical analyses of underdevelopment. They do indicate, however, the extent to which much of Nicaraguan policy since the revolution has represented new and quite different approaches to the organisation of a mixed economy. The Nicaraguan example has created new waves of debate, has opened new discussions of the possibilities for public and private interaction in the economy, and has led to richer analysis by both structuralist and Marxist analysts of Latin American phenomena. The response from the orthodox perspective, however, has been reflected in a series of policies from the US government that imply a fear of the Nicaraguan model. The strength of the apparent fear raises further the significance of the model.

### The Economic War Against Nicaragua

Economic aggression is not well defined in the professional lexicon. But there appears to be little alternative explanation for the series of steps that have been taken by the US government and the US private sector to undermine the economy of Nicaragua. Pedro Vuskovic has drawn from his experience as Economics Minister of Chile under Allende to describe the nature and intent of the economic aggression that, it is now known, was deliberately orchestrated by the US government against Chile at that time. 'Economic destabilisation' is the goal that he sees pursued, but there exists a wide spectrum of means and levels of application. From economic measures to dissuade a government from a policy that it was considering to measures designed to delegitimise governments attempting new social programmes by bringing about economic deterioration preceding elections, economic aggression, he suggests, has come to be accepted as a part of the standard policies of the US government that is used in close coordination with other, more directly aggressive and often military policies.<sup>57</sup>

Sholk has carefully and extensively documented a number of the dimensions that economic aggression has taken against Nicaragua.<sup>58</sup> The first level relates to direct bilateral US assistance. The Carter Administration offered economic assistance to Nicaragua during the

<sup>56</sup> *Ibid.*

<sup>57</sup> P Vuskovic, *Le Monde Diplomatique* (reproduced in *El Nuevo Diario* on 4 June 1981).

<sup>58</sup> R Scholk, 'US Economic Aggression Against Nicaragua', A Paper presented at the XI International Congress of the Latin American Studies Association, Mexico City, October 1983. Berkeley: Department of Political Science.

first two years of the reconstruction period after 1979. The Kissinger Commission has suggested that the US provided \$117 million in aid to Nicaragua. That number is disputed by several sources, but if true it would constitute less than 15 per cent of the total bilateral and multilateral assistance that Nicaragua received during the first three years after the revolution, the period during which some US aid was received.<sup>59</sup> What is much clearer to most Latin Americans is the way in which the US has used its financial and economic clout to attempt to injure Nicaragua.

The Reagan Administration cancelled, soon after taking office, the last \$15 million in aid promised under Carter. It terminated \$10 million in PL-480 (Public Law 480) credits for purchases of US wheat in March 1981; it cut off \$11.4 million in promised rural development, health, and education loans in April 1981.<sup>60</sup> The State Department put pressure on US banks not to participate in a \$130 million credit line being organised in London in March 1982 and persuaded the Bank of America not to conclude negotiations on a \$30 million short-term loan that had already been syndicated in March 1983. And the Administration cut off Nicaraguan eligibility for Export-Import Bank credit, discouraging US firms from exporting to Nicaragua.<sup>61</sup>

Nicaragua was dependent on foreign bankers for 45 per cent of the total debt of the entire national banking system in 1978; 80 per cent of that was short-term debt rolled over year-by-year. Although Nicaragua has restructured the pre-revolutionary debt, as did Costa Rica, US-based banks have reduced short-term lending to Nicaragua from 73 per cent in 1978 to 10 per cent in 1983.<sup>62</sup> They simply refuse to provide additional credit, even though they continue to roll over the bank debt of the other Central American countries whose economies are in much worse difficulty than the Nicaraguan.

The US has attempted to undermine Nicaraguan commerce on other levels. In August 1982 the Department of Agriculture assigned Nicaragua the least favourable shipping schedule it had ever encountered for shipments of sugar to US markets; this forced the Nicaraguan government to find storage facilities for nearly 50,000 tons of sugar and to postpone receipt of payments for the sugar for an additional six

<sup>59</sup> OECD (Organisation for Economic Cooperation and Development), *Geographical Distribution of Financial Flows to Developing Countries*, Paris: OECD, 1982.

<sup>60</sup> R Sholk, *op cit*, p 4.

<sup>61</sup> *ibid*, p 6.

<sup>62</sup> ME Conroy, 'External Dependence, External Assistance, and "Economic Aggression" Against Nicaragua', Department of Economics, University of Texas at Austin, June 1984.

months. Then, in May 1983, the US cut Nicaragua's sugar quota by 90 per cent, in direct violation of the stipulations of the General Agreement on Tariffs and Trade, an international treaty that affects all US imports and exports.<sup>63</sup>

The US has been exercising an open policy of blocking multilateral lending to Nicaragua. According to officials of FIR, the Nicaraguan International Reconstruction Fund, Nicaragua received an average of about \$12 million per month in new financing from the World Bank and the Inter-American Development Bank between July 1979 and November 1981, when President Reagan was elected. From December 1981 through the end of 1982 the average fell to less than \$1 million per month; and now there is virtually no support from these two US-dominated institutions. The change in policy occurred at precisely the time when the first World Bank mission report, mentioned above, noted that the Nicaraguan economy would require substantial new assistance from the Bank if it was to return to 1978 levels of income by the end of this decade. According to FIR, once again, the US has succeeded in blocking, up to July 1983, loans for more than \$230 million that had otherwise met all the requirements of the institutions.<sup>64</sup> According to FIR officials, there have been no new loans or loan programmes initiated with respect to Nicaragua by the World Bank since November 1981, even though there has been diminution in the rate at which Nicaragua has presented proposals for such programmes. OECD documents, available up to 1982, illustrate the effective boycott of Nicaragua, especially by comparison with lending programmes for the other Central American countries.<sup>65</sup>

The direct intervention of the US to achieve these results has been documented in several cases, but with greatest notoriety in the case of a January 1982 loan for \$16 million to finance storm drainage and improvements in low-income neighbourhoods in Managua. The loan was supported by the US executive director at the Bank, by the US Treasury Department, and by the Latin American Bureau of the Department of State. But Secretary of State Alexander Haig ordered a 'no' vote because, according to Morrell and Biddle, anything else would violate US political objectives regarding Nicaragua.<sup>66</sup> This was a highly unusual breach of the gentlemanly agreements reached over most loans

<sup>63</sup> *The New York Times*, 11 March 1984.

<sup>64</sup> R Sholk, *op cit*, p 15.

<sup>65</sup> M E Conroy, *op cit*.

<sup>66</sup> J Morrell and J Biddle, 'Central America: the financial war', *International Policy Report*, March 1983, pp 10.

in the bank, and the loan went through, one of the last loans for Nicaragua that had been 'in the pipeline' prior to President Reagan's election and one of the last approved.

Heavy-handed US politicisation of multilateral loans has also been criticised at the Inter-American Development Bank. The US is being criticised amply, but privately, by the Latin American, Canadian and European members of the bank for using its disproportionate voting power at the IDB to block loans to Nicaragua and to force the bank to make an inordinately large set of loans to El Salvador.<sup>67</sup> The *Wall Street Journal* has also reported that a Congressional study had found that the Reagan Administration had placed Nicaragua on a 'hit list' of five nations that would be prevented from borrowing from the IDB or other supposedly multilateral institutions.<sup>68</sup>

The final dimension of this economic aggression must be related to the military aggression undertaken by the counter-revolutionary groups supported by the CIA in Honduras and Costa Rica. The administration has openly asserted that the supposed objective of these groups is not the overthrow of the government but rather the infliction of economic and military damage as 'pressure'. According to official Nicaraguan government estimates, the direct damages inflicted through the end of 1983 amounted to \$120 million. But the researchers at INIES in Managua have estimated that direct and indirect costs exceed \$300 million, more than half the average value of all Nicaraguan exports.

### Summary and Conclusion

What can we conclude about the relative applicability of the three alternative perspectives? First, it is clear that the set of economic policies implemented in Nicaragua represent, in almost every case, policies not only consistent with a long tradition of Latin American non-Marxist structuralist interpretations but also policies that have been advocated, supported, and even financed at one time or another by previous US Administrations. To brand them Marxist-Leninist, as if that might somehow justify the economic and military aggression, is a disservice to scholarly interpretations of all three perspectives.

Secondly, the orthodox neo-classical developmentalist perspective offers little insight into what was happening in Nicaragua prior to the revolution and little insight into why the revolution occurred, but it

<sup>67</sup> *Washington Report on the Hemisphere*, 6 September 1983.

<sup>68</sup> J Morrell and J Biddle, 'Central America: the financial war', A Report to the Washington Seminar on Policy Alternatives for the Caribbean and Central America, 3 October 1983.

offers a strong perspective for understanding the economics of the counter-revolution, the organisation of the economic aggression against Nicaragua, and the attitudes of the US-dominated multilateral institutions. The Nicaraguan model is a threat to that perspective and to all those interests for which that perspective may provide a set of theoretical apologetics. If Nicaragua is capable of demonstrating that a fundamentally 'mixed' economy, with significant continued private sector production amid clear state regulation oriented first and foremost to the fulfilment of basic needs of the poor majority, can sustain growth and redistribution toward that majority, that perspective will be exceedingly attractive to the impoverished majority of much of the rest of the world. And if it remains the policy of the governments that identify with the orthodox *laissez-faire* perspective to attempt to prevent the implementation of reforms like the Nicaraguan reforms wherever they may appear, the impoverished majority of the Third World population will have further incentive to look at the Nicaraguan model of revolutionary insurrection to achieve those reforms.

The more radical, neo-colonial Marxist approach provides the best perspective for explaining how the revolution originated, and it gives the best perspective on the fundamental and underlying social and economic problems that had to be dealt with in a revolutionary manner. But immediate applications of dogmatic policies drawn from that perspective and based on the abstract theory of transition to socialism may be completely inappropriate for the concrete case of Nicaragua in the 1980s. It may serve Nicaragua well to place proposed policies in the historical context of previous experiences of transition to socialism, but it remains the burden of the critic to demonstrate that such previous experiences are historically relevant to the confluence of historical forces within which Nicaragua must function.

The hegemony in Latin America of structuralist approaches to economic growth and development may be more seriously threatened, oddly enough, by the attempt by Nicaragua to implement them more fully and more systematically than ever before. The severity of the counter-revolutionary backlash may do more to discourage attempts at similar 'mixed-economy' reforms in other countries than the marked failures of partial, half-hearted implementations of these approaches that have been seen in recent years. At the same time, the response of advocates of neo-classical developmentalist orthodoxy to the implementation of the non-Marxist reforms of the structuralists gives further credibility and legitimacy to Marxist interpretations and

approaches far beyond those they might have acquired if the universal condemnation of Somoza and his regime had been followed by tolerance, acceptance, and support for less radical changes than a more purely Marxist perspective will call for, if Nicaragua is left no choice.

There is little question that the Nicaraguan revolution will survive. The nature of the economic system it will have, however, remains malleable. The economic system that will characterise Nicaragua five years from now is being melded in the crucible of open aggression. Every day of external economic and military tension lessens the likelihood that the existing private sector in Nicaragua will be left a major role in the economy of the future. It will be an important historical irony, and a major setback to the creation of new modes of economic organisation, if the Nicaraguan experiment with a new form of mixed economy is forestalled by those who claim to support the private sector role that is so strongly a part of that experiment.

## Sub-Saharan Africa: which economic strategy?

Africa is a region of great diversity in terms of geographical size, population, income per capita, resource endowment, historical background, sociopolitical fabric, climate and topology of individual countries. This characteristic makes it almost impossible to address issues of economic development without risking over-generalisation. This paper takes that risk, and looks into the major economic development issues in Africa with a view to throwing some light on the lessons that can be learned from the process of development in Africa in the past two decades and the implication of this experience on the choice of strategy in this region.

In section 1 the African region is examined in the context of the international economy with a view to indicating the impact of the international factors on the African economy in absolute terms and relative to other regions. Section 2 looks at the African economy in terms of the domestic categories like economic growth, agricultural development, industrial development, investment, government finance and political instability. These categories are used as partial indicators of the performance of the African economy in the development process of the past two decades. Section 3 examines the strategies which have been followed and the policies which have been pursued in Africa in agricultural and industrial development.

### **Development issues: the international context**

The current account deficit (excluding official transfers) increased from 4 per cent of GDP in 1973 to 9.5 per cent in the 1975–80 period.<sup>1</sup> The current account deficit continued to deteriorate from \$1.9 billion in 1973 to \$13.7 in 1981.

This increasing deficit can be attributed to the recession in the world economy (to the extent that it affected the demand for exports and

<sup>1</sup> D G Rwegasira, *External Factors Affecting the Balance of Payments of African Countries* (mimeo), Washington DC: IMF, 1982.



terms of trade), the oil price hikes, the cost of borrowing and declines in the supply of exports from Africa (due to external and internal factors).

As Goreux<sup>2</sup> has shown, there is a strong relationship between the business cycle in the industrial economies and the prices of primary commodities. He found that each 1 per cent change in the business cycle index is associated with a 2.2 per cent change in primary commodity prices. Furthermore, Wheeler<sup>3</sup> has used an econometric analysis and found that in sub-Saharan Africa most of the growth explanatory weight seems to be carried by percentage changes in the quantity index of imports of industrial economies. In this context, Africa stands to lose most from recession in the industrial economies since it is the most primary products-dependent region in the world. Some of the countries in Africa are highly dependent on the export of minerals and metals (eg in 1978 these constituted 40 per cent of exports in Niger, 87 per cent in Mauritania, 71 per cent in Zaire, 98 per cent in Guinea, 49 per cent in Togo, 63 per cent in Liberia, and 94 per cent in Zambia) while the majority are highly dependent on exports of agricultural primary products (eg, in 1978 these constituted at least 90 per cent of exports in 14 countries out of thirty-one non-oil exporters for which data was available).

Sub-Saharan Africa has had a high commodity concentration of exports. On average, the share of the three principal exports in total exports in 1976-8 was 79.1 per cent up from 60.6 per cent in 1961. In at least eight countries this share was above 90 per cent. Such a high concentration of commodity exports is a potential indicator of fluctuations in export earnings in the event of price changes (eg, the fall in the price of copper has badly affected Zambia and Zaire recently) or volume changes (eg due to drought).

In non-oil African economies the widening current account deficit was thus dominated by the increase in the non-oil trade deficit (which in 1981 accounted for 76 per cent of the total current account deficit. This is explained both by deterioration in the terms of trade and by declines in the export volume. Average non-fuel export prices fell sharply by 17 per cent.<sup>4</sup>

In oil importing African economies<sup>5</sup> the oil trade balance alone deteriorated from a deficit of \$362.1 million in 1973 to \$3918.1 million

<sup>2</sup> L M Goreux, *Compensatory Financing Facility*, Washington DC: IMF (Pamphlet Series No. 34), 1980.

<sup>3</sup> David Wheeler, *Sources of Stagnation in sub-Saharan Africa* (mimeo) Boston University, 1982.

<sup>4</sup> Rwegasira, *op cit*.

in 1981. Thus, in 1981 the share of the oil trade balance in these countries had increased to about 30 per cent up from 22 per cent in 1973. In the same group of countries the non-oil trade balance declined from a surplus of \$943.3 million in 1973 to a deficit of \$2555.2 million in 1981. The rest of the deficit in 1981 (ie, \$6665.9 million) was due to net service and private transfers. The deficit in the oil-trade balance increased that much in spite of the absolute declines in the volume of oil imports in many of these countries.

The increasing cost of borrowing reinforced by the shift of the structure of loans towards commercial sources contributed to the worsening balance-of-payments position. Thus, interest payments on long-term debt in Africa<sup>5</sup> contributed \$400 million to the current deficit, this figure rising to \$3100 in 1981 up from \$1700 in 1979 and \$800 in 1978 (Rwegasira 1982). The terms of borrowing worsened. Average terms of new commitments of public and publicly guaranteed debt worsened between 1970 and 1979. The average interest rate more than doubled, maturity of loans was shorter by 50 per cent, the grace period became shorter by 30 per cent and the share of the grant element declined by 29.6 per cent points (from 46.3 per cent to 16.7 per cent).

These developments led to an increase in the public debt (including publicly guaranteed debt) from \$5136.4 million in 1970 to \$32,156.2 million in 1979 in sub-Saharan Africa. In the sub-Saharan region the debt service as a percentage of exports of goods and services increased from 5 per cent in 1970 to 6.9 per cent in 1979. In six countries in 1979 this ratio exceeded 20 per cent compared to only one country in 1970.

The purchasing power of exports fell at an annual rate of 2.7 per cent during 1970–79 while the growth of imports decelerated from an annual growth rate of 6 per cent in 1960–70 to 3 per cent in 1970–79. In fact, in eleven out of twenty-nine countries for which data was available an absolute decline in the volume of imports was recorded. The effect of this on economic growth could not have been positive.

### **Development Issues: the domestic context**

#### **Economic Growth**

The growth of the world economy declined from an annual rate of

<sup>5</sup> Excluding South Africa, Libya, Nigeria, Algeria, Congo, Gabon and Tanzania.

<sup>6</sup> Excluding South Africa, Algeria, Libya and Nigeria.

growth of GNP of 5.1 per cent during 1955–70 to only 3.8 per cent during 1970–80 and growth of GNP per capita decelerated from 3.1 per cent during 1955–70 to only 1.9 per cent during 1970–80.<sup>7</sup> All developing countries recorded GNP growth rates somewhat above the world average (annual growth rate of 5.1 per cent (1955–70) and 5.3 per cent (1970–80) and GNP per capita average annual growth rate of 3.1 per cent) during 1955–80. Africa, however, fell behind the decelerating growth in the world economy. Thus, during 1960–79 sub-Saharan Africa recorded an average annual growth rate in GNP per capita of only 1.6 per cent with eight countries experiencing an absolute decline in their GNP per capita.<sup>8</sup> During 1970–79 sub-Saharan Africa had a GNP annual growth rate of 2.9 per cent with seven countries experiencing an absolute GNP decline during that period. Over the 1960–80 period, of the eleven countries (in the world) which recorded absolute declines in GNP per capita, nine countries are to be found in the African region alone.<sup>9</sup>

Within Africa however there is great variation in the growth performance of individual countries. Among the mineral-rich countries the oil producers generally showed favourable growth rates while the non-fuel, mineral-rich countries like Zambia and Zaire were affected negatively mainly by shifts in the terms of trade. Over the 1970–80 period<sup>10</sup> the oil rich countries recorded high growth rates (6.5 per cent for Nigeria, 7.5 per cent for Tunisia and 7 per cent for Algeria). Adedeji<sup>11</sup> has pointed out that while the oil exporting countries experienced an average growth rate of 7 per cent during 1960–78 the non-oil exporters' average annual growth rate was only 3.8 per cent over the same period. The economies which are rich in minerals and metals experienced low GNP growth rates (Zambia 0.7 per cent, Mauritania 1.7 per cent, Zaire 0.1 per cent, Liberia 1.7 per cent). Wheeler has indicated that five mineral states (Mauritania, Sierra Leone, Togo, Zambia and Zaire) have exhibited a pronounced downward trend in relative performance during the last two decades.

Acharya<sup>12</sup> has used the case of Kenya, Malawi and Ivory Coast to

<sup>7</sup> World Bank, *World Development Report 1982*, Washington DC: World Bank, 1982 (Hereafter called *WDR* (1982)).

<sup>8</sup> *WDR* (1982).

<sup>9</sup> *ibid.*

<sup>10</sup> *ibid.*

<sup>11</sup> A Adedeji, 'Development and Economic Growth in Africa to the Year 2000: alternative projections and policies' in T M Shaw (ed) *Alternative Futures for Africa*, Boulder, Colorado: Westview Press, 1982.

<sup>12</sup> S N Acharya, 'Perspectives and Problems of Development in sub-Saharan Africa', *Development Digest* 29 (4) October 1981.

argue that market-oriented economies have had higher growth rates than what he calls the *étatiste* economies of Tanzania, Ghana, Sudan and Guinea. Roamer<sup>13</sup> has used the case of Ivory Coast and Kenya to argue that market-oriented economies have grown faster than economies marked with government intervention (in his case taking Ghana and Tanzania as representing the latter group). However, a look at the low (or negative) growth economies (1970–79) shows that such countries like Chad, Upper Volta, Mauritania, Sierra Leone, Zaire, Madagascar, Liberia, Ghana, Angola, Mozambique and Uganda are a mixed bag in terms of degree of market orientation or government intervention. With such a mixed bag it is possible to select a sample systematically in order to impose one's own view either way. A more useful analysis would involve some indications of how the market and government intervention have been used to influence growth.

Categorising African economies by income level, Adedeji has indicated that while the low income economies (less than \$100.00 per capita at 1970 prices) registered an average annual growth rate of 2.9 per cent during 1960–78 the middle income economies (\$100–\$300 at 1970 prices) and high income economies recorded average annual growth rates of 4 per cent and 6 per cent respectively over the same period. In their review of alternative forecasts about the future of Africa, Shaw and Munton<sup>14</sup> have shown that all projections point towards minimal growth in the region as a whole though a few states may register considerable growth up to the year 2000.

On the whole, the impact of the international economy (especially terms of trade) on economic growth in Africa has been paramount. The diversity of growth rates between oil exporters and non-oil mineral exporters, for instance, is a reflection of this impact. Wheeler has provided further evidence that barter terms of trade are a significant explanatory variable of growth in sub-Saharan Africa, and, in fact, he proceeds to show that when the trade environment of the 1960s is recreated, the growth rates in sub-Saharan Africa in the 1970s almost double.

### **Agricultural Development**

Agriculture accounts for over 40 per cent of the GDP and over 75 per

<sup>13</sup> M Roamer, 'Economic Development in Africa: performance since independence, and a strategy for the future', (mimeo), Harvard International Institute for Development, November 1982.

<sup>14</sup> T M Shaw and D Munton, 'Africa's Futures: a comparison of forecasts' in T M Shaw (1982), *op cit.*

cent of the population are employed in and live on agriculture in the bulk of the African region. The growth of the agricultural sector however has been disappointingly low. The last decade was a difficult one for agriculture worldwide with the annual rate of growth of world output declining from 2.6 per cent during 1960–70 to 2.2 per cent during 1970–80. The corresponding per capita annual growth rates declined from 0.7 per cent to 0.4 per cent in the two decades. Africa's annual rate of growth of agricultural output declined more sharply from 2.7 per cent during 1960–70 to 1.3 per cent during 1970–80, with the corresponding per capita annual growth rates declining even more sharply from 0.2 per cent to –1.4 per cent in the two decades.<sup>15</sup>

The growth performance in the agricultural sector has been poor with respect to both food crops and non-food crops. Africa's share of non-oil exports in total developing country exports declined from 17 per cent in 1970 to 11 per cent in 1979.<sup>16</sup> While the volume of exports increased at an average annual growth rate of 5.9 per cent (1960–70), it declined at an average annual rate of 0.8 per cent during the 1970–79 period. Food production annual growth rate decelerated from 2.6 per cent during 1960–70 to 1.6 per cent during 1970–80 in Africa with food output per capita declining in absolute terms (decreasing at 1.1 per cent annually) in the past decade.<sup>17</sup> This has led to a decline in nutritional standards and an increase in food imports at the rate of 3.5 per cent per annum during 1969–71 and 1977–9 in sub-Saharan Africa alone. Furthermore, food aid imports have increased from 2.4 kg per capita in 1976 to 3.5 kg per capita in 1979 in sub-Saharan Africa.<sup>18</sup> Shaw has quoted the indication of FAO that in order for Africa to feed its population by the year 2000 an annual growth rate of 3.5 per cent in food production is required. This rate was achieved by only nine countries in Africa over the 1970–79 period.

The significance of agriculture in Africa in terms of the proportion of the population that derives its livelihood from this sector raises great concern about the eradication of poverty in rural Africa. The fact that agricultural growth fell behind GDP growth suggests widening income disparity between agricultural sector incomes and incomes in the rest of the economy. The mass poverty in rural areas can hardly be improved this way. If this problem is as acute as indicated by the trends in the

<sup>15</sup> WDR (1982), *op cit.*

<sup>16</sup> M Roamer, *op cit.*

<sup>17</sup> WDR (1982), *op cit.*

<sup>18</sup> World Bank, *Accelerated Development in sub-Saharan Africa*, Washington DC: World Bank, 1981 (Hereafter called *ADSA*).

aggregate agricultural production it becomes even more so if the analysis is made in terms of ownership and entitlement, as Sen<sup>19</sup> has pointed out. In this context, he argues that to understand the impact of this problem it is necessary to focus the analysis on the ownership patterns of different classes and the exchange possibilities that these classes have. In the African context, Sen has demonstrated the significance of this type of analysis for some of the Sahelian economies.

### Industrial Development

During the past two decades the industrial sector in Africa has grown faster than the GDP. During 1970–79 the average annual growth rate in industry in sub-Saharan Africa was 3.3 per cent compared to the GDP growth of 2.9 per cent.<sup>20</sup> However, this compares unfavourably with the average annual growth rate of industry in all low income countries (4.2 per cent), all middle income countries (6.5 per cent) and marginally exceeding that of industrial countries (3.2 per cent).

Within Africa, however, not only is the level of development of industry extremely diverse but even the average annual rate of growth of the sector is diverse. In 1976, for instance, four countries (Egypt, Nigeria, Algeria and Morocco) accounted for about 53 per cent of manufacturing value added in Africa while twenty-three countries had a share of less than 1 per cent in manufacturing value added in Africa.<sup>21</sup> During 1970–76, annual growth rates in manufacturing value added (MVA) in individual countries varied widely from a low of –10.8 per cent to a high of 28.6 per cent.<sup>22</sup> Ten countries had negative MVA growth rates while Gabon, Libya, Swaziland, Nigeria, Congo, Mauritius, Tunisia, Botswana, Algeria, and Mauritania recorded MVA annual growth rates in excess of 10 per cent. Some of these countries with high MVA annual growth rates are oil exporters and the majority of the remainder had their MVA growing from a very low initial level.

For most African economies, the industrial structure is relatively undiversified consisting largely of food, beverages and textile manufactures. These three traditional industries (food, beverages and textiles) accounted for 42 per cent of MVA in Egypt, 32 per cent in Ghana, 71 per cent in Ethiopia, 76 per cent in Burundi, 62 per cent in

<sup>19</sup> A K Sen, *Poverty and Famune: an essay on entitlement and deprivation*, Oxford: Clarendon Press, 1981.

<sup>20</sup> To achieve the Lima target of a 2 per cent share in world industrial production by the year 2000 Africa would have to step up its MVA annual growth rate to about 10–12 per cent.

<sup>21</sup> UNIDO, *Recent Industrial Development in Africa*, New York: UNIDO, 1979.

<sup>22</sup> *ibid.*

Malawi, 43 per cent in Tanzania, 51 per cent in Nigeria, 35 per cent in the Ivory Coast and 47 per cent in Mozambique.<sup>23</sup>

While on average the industrial growth rate has been higher than the annual GDP growth rate in the past two decades, industry has performed below expectations in terms of (i) impact on the balance-of-payments (has been a net user of foreign exchange); (ii) forging intersectoral and intrasectoral linkages; (iii) acquisition and development of skills; and (iv) development of the technological capacity. These issues will be taken up in later sections of this paper.

### **Investment**

One determinant of GDP growth is investment. There seems to have been an association between the growth in gross domestic investment (GDI) and growth in GDP. In countries where annual rate of growth of GDI was negative (eg, Ethiopia, Mozambique, Zaire, Uganda, Ghana, Zambia) the annual rates of GDP were either very low or negative. Countries which experienced high annual growth rates in GDI (eg, Nigeria, Ivory Coast, Cameroon and Sudan) also recorded high annual GDP growth rates.<sup>24</sup> In sub-Saharan Africa as a whole, however, GDI increased at a higher average annual rate (3.2 per cent) than GDP (2.9 per cent) during 1970–79.<sup>25</sup> In spite of the fact that the annual rate of growth of GDI was higher than that of GDP during 1970–79, the growth of GDP decelerated in the 1970s. This may be thought to be an indication of less efficient use of investments. This indication, however, may not be valid in the context of African economies whose structures have been changing during this period. The important investments in infrastructure and in industries which are basically capital intensive (eg, petrochemicals) may have contributed to a rising incremental capital-output ratio. In addition, investments in agriculture have in some places been in marginal lands which had to be irrigated (eg, Sudan, Nigeria).

### **Government finance**

The slow rate of growth of the economies in Africa reinforced by the balance-of-payments crises have had a negative impact on government finances. First, the slowing down of economic activity has made revenue-raising efforts less effective. Second, the decelerated export and import growth has had a negative effect on revenue from export

<sup>23</sup> *ibid.*

<sup>24</sup> ADSA, Tables 2 and 4.

<sup>25</sup> ADSA.

taxes and import duties. Third, governments have been under continued pressure of demands for basic services (eg, education, health) which are associated with demographic changes and expenditures associated with the momentum of past economic growth. Fourth, the rise in the debt service ratios has increased pressure on the government budgets (reducing net external borrowing). Fifth, inflationary pressures have contributed to budget deficits to the extent that inflation is not built into the tax base while it is built into government expenditures. Pressures on the government budgets have resulted in increasing deficit financing and the consequent high growth rates in money supply. The association of government budget deficits to supply constraints renders inappropriate economic policies which attempt to deal with budget deficits as a short-term stabilisation phenomenon when in fact it is inseparable from the structural phenomena. The close link between short-term demand management and longer-term supply restructuring warrants a re-examination of the types of policies which focus on the former as a separate phenomenon. While this should not imply that there is no place for short-term policies in Africa, preoccupation with such policies alone can be inappropriate in this context.

### **Political Instability**

Instability of governments has been a common phenomenon in Africa. Whether this has taken the form of civil war, coups, revolutions or political unrest, the effect of such political changes on the African economies has been paramount. Political instability has influenced economic activity through its effect on investments (domestic and foreign), the 'brain drain', the diversion of resources to meet political ends, and the shifting of attention to short-term socioeconomic objectives. Negative growth rates in Chad, Mozambique, Uganda, Ghana and Angola, for instance, are associated with struggle for power in some cases, or the violent transfer of power to the people in other cases. In this context, Wheeler has used an econometric model to show that political instability is a significant explanatory variable of growth in sub-Saharan Africa. While this is a useful pointer to the role played by political instability, there is no simple causal relationship between this phenomenon and growth. Political instability may in some cases be a desirable turning-point in the history of an economy depending on its impact on the organisation of production and distribution of the social product.



## **Strategies of development**

### **Agricultural Development Strategies and Policies**

It has been shown above that agricultural production (exports and food crops) has grown sluggishly, stagnated and in some cases declined in absolute terms. Determinants of such an unsatisfactory performance and the strategies which have been tried in Africa would give useful hints on the possible strategies for the future. Factors like weather, pricing, marketing, supply of inputs and services, direction of research, organisation of production and choice of technology deserve specific mention.

### **Weather**

Weather has had a negative effect on agricultural output in many African countries. Drought has afflicted the Sahelian countries and, to a lesser extent, countries like Kenya, Tanzania, and Zambia. Wheeler also has found drought to be a significant explanatory variable of growth in sub-Saharan Africa, especially in the Sahelian states and East Africa. It is still not established whether this is a general change of climate, or whether it is a temporary deviation from the type of climate experienced in earlier periods (e.g., the 1950s and part of the 1960s).

Unlike Asia, for instance, irrigation has so far played a very small role in Africa's agriculture. Of the total irrigated area in sub-Saharan Africa, 80 per cent is in Sudan (65 per cent) and Madagascar (15 per cent).<sup>26</sup> Irrigation also plays an important role in some of the Sahelian countries (Mali and Senegal), and, to a lesser extent, in the northern parts of some West African countries (Ivory Coast, Nigeria, Cameroon), and in river valleys of Ethiopia, Mozambique, Somalia and Zimbabwe.

Most schemes, however, have been large, requiring considerable investments (in foreign exchange) and imported maintenance inputs. In some cases the domestic resource cost has been in excess of the foreign exchange savings (eg, Senegal and Mali). Hence, in Sudan; for instance, the foreign exchange shortage has led to the lack of adequate supply of imported spare parts, fuel and machinery to keep the irrigation schemes operating. Some of the problems which have also been mentioned in connection with these schemes include poor water management, insufficient levelling of land, soil problems, input supply bottlenecks, use of varieties not adapted to local conditions, and poor economic incentives.<sup>27</sup>

<sup>26</sup> ADSA, 1970.

<sup>27</sup> ADSA, pp 76-8.

River basin development through large-scale irrigation has received priority in several countries since the early 1970s (the Senegal valley, the Rufiji and Kagera River basins in Tanzania, the Badhera Dam in Somalia, the Sokoto Rima and Hadejia-Jama'are river systems in Nigeria). The experience of financial (local and foreign exchange) implications of such large schemes in Sudan, Niger, Mauritania and northern Nigeria should provide a useful lesson to the design of new schemes in future.

Small-scale irrigation in flood plains and swamps has been practised in some countries (eg, Nigeria, Ivory Coast, Senegal, Sierra Leone and Madagascar). These schemes have been more amenable to fuller farmer participation and self-help and cheaper (in terms of capital and foreign exchange). The potentials that exist could be tapped. Efforts to tap small-scale irrigation based on ground water development through pumping are being undertaken in some countries (eg, Nigeria).<sup>28</sup>

In some countries efforts are being made to encourage peasants to grow drought-resistant crops and develop quick-yielding varieties for areas with short rain seasons (eg, Tanzania, Kenya, Zambia). It seems necessary to shift the emphasis of research in support of the development of such drought-resistant crops and quick-yielding varieties.

### **Pricing and marketing**

Since it is through prices and markets that farmers transform their efforts into incomes it is worth looking into pricing policies and marketing systems of both food crops and exports.

The main problem with the pricing of export crops lies in the African countries' inability to influence world market prices. Most of Africa's exports (primary product export concentration is highest in Africa) are auctioned in the market as if a minimum cost covering price does not exist. Even in years when terms of trade improved this was often explained by accidents (eg, the coffee boom of 1976-7 following the crop failure in Brazil and Colombia). If these accidents are excluded then the deterioration of terms of trade would be more severe. Recent trends do not point to much progress towards controlling or at least influencing world prices in commodity exports. There have been disappointments in several recent commodity agreements (eg, tea, cocoa). Even in commodities where Africa is a significant producer, considerable losses have been incurred in the process of trying to

<sup>28</sup> *ibid.*

withhold stocks in order to raise the price (eg, Ivory Coast, Nigeria, and Ghana on cocoa).<sup>29</sup> The world system of division of labour is the major factor behind the inadequate price levels of exports from Africa.

In view of the bitter fact that the structure of exports is unlikely to change significantly in the near future, yet the import-dependent development structures cannot be abandoned abruptly, it seems inevitable for governments in Africa to do what is within their control to influence the producer prices, in order to prevent further deterioration of urban-rural terms of trade and reduce the chances of dramatic declines in the output of export crops. One such area is the minimisation of the margin between the world market price and the price paid to the farmer.

It has been argued that taxation on export crops has been very severe. Estimates of the nominal protection coefficients (producer price as a share of the world price minus transport, marketing and processing costs) have shown that during 1976-80 the NPC for cocoa were 0.38 in Ivory Coast, 0.4 in Ghana and 0.45 in Cameroon. For coffee, the NPC was 0.59 for Tanzania and 0.36 for Ivory Coast.<sup>30</sup> The low values of NPC indicate that reduction of export taxes could have an influence in the price offered to the producers.

The marketing costs have also contributed to lowering the prices received by farmers. In an effort to control the marketing of export crops, several governments have established government-owned marketing institutions. Some of these have had such high overhead costs that it is now being increasingly recognised that they are operating at the expense of the producer. In Kenya, this function is being transferred to cooperatives and private firms.<sup>31</sup> In Tanzania, cooperatives are being reintroduced (after disbanding them in 1976) and the crop authorities, whose operating costs have been high hitherto,<sup>32</sup> are being streamlined and rehabilitated.<sup>33</sup>

Another means whereby the producer prices of exports could be increased within the constraint of world market prices is by devaluation. Some devaluations have been undertaken in African countries in the

<sup>29</sup> The efforts were partly frustrated by uncooperative actions of some Latin American producers.

<sup>30</sup> The NPC estimates seem to be lower than expected. For instance, the export tax on coffee in Tanzania was in the region of 10 per cent in 1976-80. The NPC of 0.59 is probably an exaggeration.

<sup>31</sup> Sessional Paper No. 4 of 1982 on Development Prospects and Policies.

<sup>32</sup> Ellis Frank has shown this in the case of coffee and cashew nuts: *Economic Research Bureau Papers*, University of Dar es Salaam, 1979.

<sup>33</sup> United Republic of Tanzania, *Structural Adjustment Programme for Tanzania*, Dar es Salaam: Ministry of Planning and Economic Affairs, 1982.

1970s (eg, Kenya, Sudan). Many countries in Africa have been hesitant to invoke devaluation, partly because of its unintended effects on a wider range of domestic prices adjusting to import prices, thus reducing its impact on relative prices and balance of payments. However, in countries where the domestic prices are greatly divergent from the world prices, moderate devaluations may be necessary to reduce such divergence gradually.

Pricing of food crops has been under government control in most African countries in pursuance of the dual and conflicting objectives of providing incentives to producers and protecting the interests of consumers. One consequence of attempts to achieve both objectives at the same time has been the considerable budgetary implications of subsidies or losses incurred by the marketing institutions (eg, Tanzania's national milling corporation). In some countries food imports have played the role of depressing domestic food prices, thus negatively influencing food production (eg, Nigeria).<sup>34</sup>

In an attempt to reduce price inequalities among farmers of different regions, some countries have pursued pan-territorial pricing policies (all producers receive the same price). In the case of Tanzania, Ndulu<sup>35</sup> has shown that this policy has encouraged producers to disregard the effect of transport costs; thus, in some remote rural areas of Tanzania, low value crops have displaced high value crops.<sup>36</sup> Such shifts increase demands for transport with its fuel and foreign exchange requirements.

### Supply of inputs

Even if high producer prices were paid, agricultural production and productivity would still be inhibited by inadequate or irregular supply of inputs (eg, fertiliser, improved seeds, insecticides, pesticides, farm implements, machinery and spare parts, etc). this important function has not been carried out satisfactorily in most African countries.<sup>37</sup> Noting that procurement and distribution of inputs has largely been monopolised by governments and parastatal organisations in most countries in Africa, it has often been suggested that this function has been unfulfilled because of the inefficiency of government agencies.<sup>38</sup>

<sup>34</sup> ADSA, p 57.

<sup>35</sup> B J Ndulu, 'The Impact of Interregional Transport Subsidy Policy on Commercial Supply of Food-grain in Tanzania: the case of paddy and maize', Economic Research Bureau Papers 80 (1) 1980.

<sup>36</sup> This is also pointed out in the *Structural Adjustment Programme for Tanzania*, op cit.

<sup>37</sup> ADSA, p 60.

<sup>38</sup> *ibid*.

While it is true that, depending on their organisation, some parastatals may be inefficient, it does not seem evident that 'government agencies have failed to meet these needs because they have difficulties in adapting bureaucratic, financial and administrative procedures to commercially-oriented operations'.<sup>39</sup> The experience of most countries in Africa, however, suggests that the inadequate supply of agricultural inputs to agriculture reflects macrolevel priorities and imbalances. The industrial sectors, even in countries where industry is relatively more developed (eg, Nigeria), have not been linked to the agricultural sectors in terms of supplying the latter with inputs. Even in cases where industrial plants to produce agricultural inputs have been set up, they have been highly import dependent (even when local raw materials exist eg, fertiliser plant in Tanzania) such that the recent foreign exchange crises have inhibited adequate supply. The foreign exchange bottleneck has directly led to short supply of imported agricultural inputs. Under these circumstances, any import-intensive agricultural schemes (large irrigation schemes, some large state or private farms of crops which are not even amenable to economies of scale) have contributed to the overall shortage of supply of imported agricultural inputs.

Within the constraints of the balance-of-payments crises, governments have first a choice between allocating the meagre foreign exchange to consumer luxuries or to agricultural inputs. There is no undisputable evidence of the pattern of choices that governments in Africa have taken, but shortage of agricultural inputs does not seem to have been preceded by the shortage of luxury consumer goods in several countries in Africa. To the extent that this is so, rehabilitation of agriculture will require a shift in the priorities (in the type of industrial development and in the pattern of allocation of foreign exchange) to ensure adequate supply of inputs at national level.

### **Organisation of Production and Technologies Used**

The bulk of agricultural output in most African countries is produced by smallholder farmers. Islands of large plantation farms however are to be found mainly in the formerly white settler areas (eg, Kenya, Zambia, Zimbabwe) and in large irrigation or river basin schemes (eg, Sudan, Upper Volta, Senegal). During the 1960s and 1970s many African countries established state farms either from scratch or by nationalising the large-scale farms (eg, Tanzania, Ethiopia, Zambia, Ghana, Ivory

<sup>39</sup> *ibid.*

Coast). These large state farms were established in order to facilitate transition to mechanised, high productivity schemes which would increase marketable surplus. In areas where state farms took the form of irrigation schemes, the main objective was to beat drought (eg, Chad, Mali, Sudan, Mauritania, Senegal, northern Nigeria).

A World Bank Report has argued that these ventures did not fulfil expectations as they were beset with problems of management, overemployment of staff, under-utilisation of expensive machinery and maintenance of equipment and infrastructure.<sup>40</sup> This report uses this evidence to put forward the case for giving high priority to smallholders. It is not very clear whether the argument is for smallholders or against large-scale farms or against government-owned farms. Further evidence in the report, however, suggests that it is putting up a case against government-owned farms and not large-scale farms as such. This is clear from the subsequent argument in the report that large private farms provide major shares of marketed output in Kenya, Malawi, Swaziland, Zambia and Zimbabwe; and therefore proceeds to argue that any growth-oriented strategy must include these 'islands of high productivity agriculture'.<sup>41</sup>

One important characteristic of most countries in Africa is the high rate of population growth. Unlike in the now industrialised countries where increasing productivity in agriculture released labour into other sectors of the economy, in Africa there seems to be a situation where the land is facing increasing pressure partly because of the low labour absorptive capacity of other sectors of the economy, and partly because of high population growth rates. Under these conditions, in many parts of Africa the transition from land-extensive types of agriculture to land-intensive agriculture becomes a necessity. The place for large mechanised farms, while not ruled out, becomes more limited (whether these be state farms or 'islands of high productivity' large private farms). Another phenomenon which may render large-scale farms more limited is the chronic balance-of-payments crises which economies in Africa are facing. These crises will not work in favour of expensive imported fuel and spare parts. This may be afforded but probably at the expense of other agricultural inputs without which overall agricultural output may not increase even if productivity in the few large-scale farms may be high. Even in Kenya where 'islands of high productivity large-scale

<sup>40</sup> *ibid*, p 51.

<sup>41</sup> *ibid*, p 52.

farms' are supposed to be found,<sup>42</sup> a recent government policy paper has pointed out that small farms have demonstrated higher productivity and employment intensity per hectare for most crops and are the principal means by which the benefits of agricultural production can be equitably shared among large numbers of people.<sup>43</sup> A further caution against taking for granted these 'islands of high productivity' is provided by Zwanenberg,<sup>44</sup> who shows how they were protected from the smallholders through preferential access to transport, markets, extension services and marketing (channels and pricing) and credit, and through taxation, labour laws, and the prohibition of African smallholder cultivation of certain cash crops.

While these arguments do not rule out the possibility of efficient mechanisation in isolated cases, large-scale mechanised farming is not likely to be a viable general approach in Africa in view of increasing population pressure on the land and the inability to produce basic agricultural machinery and equipment in the domestic industrial sectors in Africa.

#### **Agricultural Research and Extension**

Expenditure on research in the mid-1970s was estimated to be 1.4 per cent of the value of agricultural output in sub-Saharan Africa, this being half the proportion in the industrialised countries.<sup>45</sup> Despite considerable achievements in some export crops, much of the research effort has been inadequately focused, lacked continuity, and has suffered from shortage of funds. The lack of continuity has made it difficult to maintain improved technologies. One of the most significant weaknesses of the research focus is its failure to tackle the problems of staple foodcrops with a view to raising the yields and improving their drought resistance.

Carrying out basic and applied research can be expensive and beyond the reach of many small countries in Africa. This is an area where subregional and regional research institutions should really be encouraged. The several such institutions that are existing now need to be strengthened. Such regional and subregional research institutions would have to be complemented by national or intranational research stations which can take care of the local specific nature of agricultural

<sup>42</sup> *ibid.*

<sup>43</sup> Sessional Paper No. 4 of 1982 on Development Prospects and Policies.

<sup>44</sup> Roger van Zwanenberg, *The Agriculture History of Kenya*, Nairobi, 1972.

<sup>45</sup> *ADSA*, p. 59.

research. In this way the experience and limitations on the transfer, applicability and maximisation of benefits from regional and subregional research institutions, as shown by Schlie in the case of the East African Agricultural and Forestry Research Organisation, can be avoided.

Extension services are an important vehicle for carrying the technology package and research findings to the users. For the Africa region it has been pointed out that inadequate spread of improved technology has contributed to the slow growth in agriculture.<sup>46</sup> One of the problems which has faced extension services is the insufficient recognition and appreciation of the socioeconomic conditions in the traditional farming systems in which peasants are operating. While the extension staff have often operated with a partial farming system in mind (ie, cash crops in which there is technological improvement to carry to the farmer) the farmer has in mind the farming system as a whole. In fact, in some cases extension services for specific cash crops have been provided without proper coordination of extension services for other cash crops (eg, the case of crop authorities in Tanzania where each authority has been providing services for its specific crop). Failure to appreciate and take account of specific conditions pertaining to the whole farming system has been quite common, as shown by various examples in the World Bank (1982) report. For instance, in Northern Uganda the farmers' resistance to early planting of cotton (as advised by extension staff in order to increase yield) can be explained in terms of the decision of the farmer to avoid risk of loss caused by occasional hailstorms during harvest time, and the need deliberately to extend the planting season in order to accommodate the planting of other crops eg, millet. In Nigeria, the farmers' insistence on intercropping in spite of the extension staff's advice on pure stands (to raise yield of the specific crops) was not understood until studies showed that gross returns per hectare of crop mixture were 60 per cent higher than those of pure stands. In view of these experiences, it seems important to reorient extension services towards the systems approach on the farm whereby the services can be provided with full consideration and appreciation of the farming system within which the farmer is operating. Another limitation pointed out by ADSA (1981) and World Bank (1982) is the shortage of operating funds and the rising burden of recurrent costs of extension services. In this context, it may be noted that the choice of mode of operation (eg,

<sup>46</sup> FAO: *Regional Food Plan for Africa*, Tenth FAO Regional Conference for Africa, ARC/785 July 1978 (Arusha, Tanzania, September 1978).



transport) can influence the severity of this limitation. While, for instance, in the 1950s and early 1960s it was common for extension staff to move in the villages on foot or bicycle, the most common mode of transport now is the four-wheel-drive vehicle. This 'jump of development' from the foot or bicycle to the vehicle (even by-passing the motor cycle) has, as expected, reduced the extent to which extension services can be provided in the present conditions of the fuel and balance-of-payments crises. In Kenya, for instance, ADSA (1981) has pointed out that, even by the early 1970s, some extension of staff were operating for only the first two months of a six-months budget period due to lack of fuel for their vehicles (in this respect, the position of Kenya is definitely not the worst in Africa).

### **Industrial Strategies**

One task of industrialisation is to spread industrial techniques of organisation and production in order to control and manipulate the physical environment in the interests of society. In this context, industrialisation ought to perform these tasks through at least two mechanisms:

- 1) creating flexibility in the economy in such a way that it is possible to alter the output-mix in response to changes in the demand pattern (domestic or world market), without significant reduction of total output and at reasonable cost;
- 2) raising the productivity of industry itself and other sectors of the economy. This can be achieved through technological developments in industry itself and their effect on other sectors (by supplying inputs to these sectors and creating demand for outputs from these sectors in addition to the effect of other externalities).

In order to understand the process of industrialisation in Africa it is important to realise that on the demand side the high rate of urbanisation has been a main factor. The annual rate of growth of the urban population in sub-Saharan Africa has been about 5-6 per cent in the past twenty years with the thirty-five capitals recording an annual growth rate of 8.5 per cent.<sup>47</sup> This considerably exceeds the annual rate of growth of urban population in low- and middle-income countries (about 4 per cent) and in industrial economies (less than 2 per cent).<sup>48</sup> This factor is important in explaining the types of industrial goods produced to meet the demand patterns and the locational concentration of industries in Africa.

<sup>47</sup> ADSA, p 114 and Table 36.

<sup>48</sup> WDR (1982), Table 20.

On the supply side, foreign exchange (mainly earned through primary exports and various forms of foreign capital inflow) has provided the main source of capital goods and intermediate goods required in the industrialisation process. The centrality of foreign exchange on the supply side was expected to diminish to the extent that industry would be a net foreign-exchange earner. The stagnation of exports in the 1970s and the absolute decline in the net capital inflows since 1980<sup>48</sup> are pointers to the likely stagnation of any import dependent and non-exporting industrial development strategy.

The industrialisation strategy which has been pursued in Africa (whether stated explicitly in plans or implicit) has been the import substitution type (ISI). The ISI has been characterised by adoption of more sophisticated patterns of consumption (commensurate with the imports they replace) without the corresponding process of capital accumulation and technological development. The changing composition of output, therefore, reflected the progressive substitution of imports by domestic production. In this process, the structure of industrial output has included the perishables (eg, food manufacture), bulky consumer goods (eg, beer where, for instance, in Burundi it accounts for 60 per cent of manufacturing output, and is to be found in almost every African country), goods which are easy to manufacture and for which the technical optimum is small (eg, textiles, shoes, plastics, paints, safety matches), assembly operations which make use of unskilled labour (eg, radios, tractors, bicycles), very heavy intermediate products (eg, cement, concrete blocks), and processing of agricultural raw materials in order to reduce deterioration (eg, tea), or to up-grade traditional exports (eg, cordage, coffee, cocoa).

Under the conditions of a very rudimentary entrepreneurial class in Africa, the ISI has been carried out mainly by foreign investments and government enterprises and various types of combinations of the two. Foreign investments (through direct investment or joint ventures) and parastatal enterprises have played a considerable role in large-scale manufacturing in countries as ideologically diverse as Ivory Coast, Tanzania, Kenya, Ethiopia, Sudan, Ghana, and Zambia to mention only a few. State ownership of industry (through investment of own funds, borrowed funds or joint ventures) has been considerable in practically all economies in Africa (eg, Ivory Coast, Kenya, Tanzania, Sudan), in view of the need to acquire some domestic control of industry

<sup>48</sup> Rwegasira (1982), *op cit*, Table 2.

under conditions of a limited indigenous capitalist class and/or in response to failure of foreign investments to flow in as anticipated (having guaranteed protection and incentive structures). As Adedeji<sup>50</sup> has indicated, the approaches taken in this context by African countries have varied. Some countries have steadily increased state control of the economy since the early 1960s at the expense of private enterprise (eg, Egypt); some have encouraged both indigenous entrepreneurs in the technologically simple sectors and the state enterprises in the strategic and technologically sophisticated sectors (eg, Nigeria and Ghana); others have promoted state and local private enterprises, cautiously making sure foreign interests are not provoked (eg, Kenya and Ivory Coast); some have adopted a deliberately revolutionary approach in nationalising the key sectors (eg, Algeria, Mozambique, Angola, Ethiopia and Tanzania); and some have remained a class by themselves in being enclaves of the South African economy (eg, Swaziland, Lesotho and Botswana).

Foreign investments are also present in all African economies, although to varying degrees. As Green<sup>51</sup> has indicated, foreign investment is relatively low in the nationalist states which are structurally more developed (eg, Egypt), in more developed socialist states pursuing state capitalism (eg, Algeria), in weak economies with a transition to socialism (eg, Tanzania, Angola, Mozambique, Ethiopia), and in economies which are so underdeveloped that foreign investment does not have much to reap (eg, Mali and Lesotho). Green also indicates that foreign investment is high in the economies which are centred on petroleum, minerals or forestry export enclaves (eg, Gabon, Zaire, Liberia). It is also notable that, recently, transnational corporations and other foreign firms have tended to move into joint ventures (with governments), and into management or technical contracts and various selling arrangements, thereby reducing commitments in fixed assets physically located in Africa while maintaining control via 'leasing' knowledge and capital, as pointed out by Green. The importance of foreign investments and state enterprises in various countries in Africa has been elaborated further, for instance by Rweyemamu<sup>52</sup> for Tan-

<sup>50</sup> A Adedeji, *Indigenization of African Economies*, London: Hutchinson, 1981.

<sup>51</sup> R H Green, 'Foreign Direct Investment and African Political Economy' in Adedeji (1981) *op cit*

<sup>52</sup> J F Rweyemamu, *Underdevelopment and Industrialisation in Tanzania*, Oxford University Press, 1973.

zania, Obi<sup>53</sup> and Teriba and Kayode<sup>54</sup> for Nigeria, Mohamed<sup>55</sup> for Ethiopia, Mills<sup>56</sup> for Ghana, Kongstad<sup>57</sup> and Leys<sup>58</sup> for Kenya, and Aziz<sup>59</sup> for Egypt. One common phenomenon in most of these studies is the considerable impact that foreign investments (direct or joint ventures) have had on the determination of the type of technology to be used, often corresponding to the technologies developed in their own countries and used in their various global activities elsewhere. As Thomas has indicated, there is incompatibility of choice of imported techniques and domestic input structures and this is explained by the tendency for the choice of product to precede the choice of techniques. This pattern, he argues, has been motivated by preferences for sophisticated, latest vintage and typically capital-using technology.

A most glaring phenomenon in the industrial development process of Africa has been its import intensity and the consequent failure to perform the integrating role of the economy and promote productivity in other sectors, especially agriculture. On the degree of import intensity, Rweyemamu<sup>60</sup> and SAP have shown that the import content of manufacturing is high in the case of Tanzania; for Nigeria, Obi has pointed out that during 1963–73 for every naira of value added manufacturing, the economy spent 0.67 naira on non-factor imported inputs alone; for Ethiopia, Mohamed has pointed out that industrial production has been largely based on imported raw materials; for Ghana, Mills estimated that in 1967–8 about 85 per cent of all industrial inputs were imported; and, for Egypt, Aziz has shown that over the 1953–72 period the established industrial profile increased its requirements for intermediate and capital goods such that whatever import substitution took place failed to offset these greater import demands. For Africa as a whole, while there has been saving of foreign exchange spent on manufactured consumer goods imports, the reduced import

<sup>53</sup> Anyaegbunam Obi, 'Development Through Self-reliance: theory and political implications for Nigeria', *Nigerian Journal for Economics and Social Sciences* 20 (1) 1978.

<sup>54</sup> O Teriba and M O Kayaode (ed), *Industrial Development in Nigeria*, 1977.

<sup>55</sup> Duri Mohamed, 'Industrialisation and Income Distribution in Ethiopia' in Rweyemamu (1980), *op cit*.

<sup>56</sup> Codman Atta Mills, 'Dependent Industrialisation and Income Distribution in Ghana' in J F Rweyemamu (ed), *Industrialisation and Income Distribution in Africa*, Dakar: Codesria, 1980.

<sup>57</sup> Per Kongstad, 'Kenya: industrial growth or industrial development?' in Rweyemamu (1980), *op cit*.

<sup>58</sup> Collin Keys, *Underdevelopment in Kenya*, London: Heinemann, 1975.

<sup>59</sup> Hassan Abdel Aziz, 'The Structure of Manufacturing Output in Egypt 1952–72' in Rweyemamu (1980) *op cit*.

<sup>60</sup> Rweyemamu (1973), *op cit*.

content of consumer goods has been more than offset by the increase in the imports of intermediate goods and capital goods.

The ISI has contributed to the marginalisation of the rural areas through the following mechanisms:

- i) failure to supply agricultural inputs and farm implements to agriculture. These requirements have largely been met by imports thus making their supply sensitive to the balance-of-payments crises (eg Zaire, Sudan, Zambia).
- ii) negative impact of ISI on rural small-scale and cottage industries. Muller<sup>61</sup> has shown rural-based metalworking skills degenerated with the influx of imports and import dependent locally manufactured farm implements in Tanzania. With the setting in of the balance-of-payments crisis imports and local manufactures can no longer cope with requirements of agriculture and the rural-based metalworking activities are no longer there to bridge the requirements-supply gap. In Ethiopia large-scale textile factories have been reported to have inflicted damage to the small-scale rural-based textile activities (Mohamed) while in Kenya Kongstad has pointed out that mechanical workshops in non-urban areas are degenerating following the influx of imported implements and the Nairobi-based import-dependent manufactures.
- iii) The location of the ISI has been urban biased. Thus in Tanzania 75 per cent of manufacturing output in 1974 was accounted for by five towns, in Senegal over 80 per cent of industry is concentrated in and around Dakar, in Ethiopia two towns accounted for 80 per cent of manufacturing investments in the early 1970s and in practically all countries in Africa the capital cities and the few large cities have attracted the bulk of industrial activities.

Through these mechanisms whereby the rural areas have been marginalised the employment effects of ISI (on these rural areas) could not have been positive. Even within industry itself, the employment creation of ISI has been marginal. During the 1960s, for instance, while manufacturing output increased by 100 per cent in Africa, employment increased by only 45 per cent. This may be explained in terms of the increasing use of capital-intensive techniques of production brought about by:

- i) overall increase in labour productivity all over the world.

<sup>61</sup> J Muller, 'Promotion of Manufactures of Rural Implements in the United Republic of Tanzania' in UNIDO, *Industrialisation and Rural Development*, New York: United Nations, 1978.

- ii) choice of technology biased in favour of the labour-saving techniques developed to suit factor endowments in the industrialised countries. This tendency is reinforced by the considerable role of foreign investors and foreign financiers in the choice of technology in industry in Africa;
- iii) the effects of widening the industrial base to include the types of industries which are essentially capital-intensive (eg, aluminum smelters and petrochemicals).

The share of manufacturing sector employment to total labour force is still below 2 per cent in most African countries. For instance, the share is 0.76 per cent in Somalia, 1.3 per cent in Malawi, 0.86 per cent in Tanzania and 0.5 per cent in Ethiopia.<sup>62</sup>

The marginalisation of the rural areas has resulted in a situation where in Africa allocation of resources to industry has tended to appear competitive to allocation of resources to agriculture. In the absence of support from industry, agricultural production has either increased sluggishly or stagnated. Being a main foreign-exchange earner in most countries in Africa, the stagnation of agriculture has led to foreign-exchange crises through the stagnation of exports reinforced by increasing food imports. In fact, in recent years, especially in the 1970s, most countries in Africa experienced decelerating growth rates in manufacturing. In several countries even absolute declines of manufacturing output were recorded in the late 1970s (eg, Tanzania, Uganda, Zaire, Ghana) due to supply bottlenecks caused mainly by the foreign-exchange crises.

Furthermore, the stagnation or decline in agricultural production of some crops has resulted in capacity underutilisation in the manufacturing industries which are based on such crops. In Ghana, for instance, supply of sugar-cane has not kept pace with the requirements of sugar factories; in Tanzania, the supply of oil-seeds has plagued the manufacturers of soap and cooking oils; and, in Senegal, the manufacturing sector's growth is very strongly influenced by the size of the groundnut crop.

### **The Energy Problem: some implications**

In the 1970s the cost and availability of energy, in particular of oil, has become a well-known problem. Countries in Africa have been no exception in becoming increasingly dependent on petroleum products

<sup>62</sup> UNIDO, *The Poor Fall Behind: an assessment of industry in the least developed countries*, Vienna: UNIDO (Division of Industrial Studies), 1981

to maintain their industrial sectors, agricultural production, transport systems, and other important activities. Many countries in Africa are experiencing more acute balance-of-payments crises and higher fuel costs are forcing cuts in other imports the bulk of which are directly related to production.

Earlier, the growing magnitude of the current account deficit in oil-importing African countries was shown. The oil trade balance alone had reached 30 per cent of the total current account deficit. The effect of the rising cost of fuel has been felt directly in the productive sectors of the economy and indirectly through its effect on the services sector. African economies have faced difficulties in importing maintenance inputs for industry and agriculture and have found it increasingly difficult to meet the full requirements of the oil-dependent transportation systems (which are crucial for the supply of inputs to the scattered agricultural activities and for the marketing of that agricultural output). While there is no clear evidence of the development of alternative sources of energy to a significant scale since the early 1970s, there seems to be a case for stepping up preparations for the use of the potentially available hydroelectric power, solar energy, and probably coal, to replace the costly oil.

The oil-exporting countries of Africa have enjoyed surpluses in their balances of payments largely arising from gains from terms of trade in their oil sectors. However, they have not escaped some negative implications stemming from this apparently advantageous position. As Adedeji has pointed out, this group of countries has registered serious declines in the growth rate of agricultural production in the 1970s. The World Bank (1982), in this context, has noted that in the case of Nigeria, revaluation of the naira, the attraction of young Nigerians into the towns, and the manpower shortage in public agricultural investments (all enhanced by the oil income), have all contributed to depressing agriculture. Adedeji<sup>63</sup> has also indicated that the group of oil-exporting countries in Africa has faced increasing rates of inflation, a serious decline in the domestic saving rates due to increased consumption, and a fall in the growth of exports in real terms in the 1970s.

Considering both commercial and non-commercial energy, the energy crisis in much of Africa means a shortage of firewood. Poor families in the rural areas have to travel longer distances to find wood for cooking purposes as their land is increasingly being denuded of

<sup>63</sup> Adedeji (1982), *op cit.*

trees. The danger of desertification is progressively becoming real with its far-reaching implications on the rain-fed agricultural production.

### Conclusion

The recent experience of economic development in Africa indicates that developments in the international context have not been favourable. The effects of the economic recession in the industrialised countries (affecting demand and terms of trade), the oil price hikes and the rising cost of borrowing (including the worsening terms) have reinforced each other in increasing the balance-of-payments deficits in most countries in Africa. In the domestic context, partly because of these developments in the international context, the rates of growth of GDP, agriculture and industry have tended to decelerate in the recent past. The development strategies which have been followed have not contributed to the liquidation of dependence on the industrialised countries of the North. These strategies have not contributed to integrating the African economies whereby development would be less import-dependent and more self-sustaining.

On the basis of the recent development experience, it appears that the import dependent structures cannot be dismantled or significantly changed in the very short run. The external links have been internalised in the development process of these economies to the extent that it is not realistic to talk of disengagement 'overnight'. This implies that allowing foreign-exchange earnings to fall would accelerate the disruptive trends which have already set in in many African economies. For this reason there seems to be a case for safeguarding dramatic declines in exports. On the other hand, there seems to be a strong case for restructuring the present economies, making them more self-reliant, more integrated and less import-dependent. While safeguarding dramatic declines in exports may appear tantamount to maintaining the existing production structures, this need not be the case if the foreign exchange so earned can be used to enhance the structural transformation process. The two aspects of this strategy (foreign-exchange generation, hence outward-looking, and the foreign-exchange saving, hence inward-looking) can be complementary contrary to the commonly-held view that the two aspects are clear alternatives.

The efforts to generate foreign-exchange earnings need to ensure the rehabilitation of the declining agricultural sector. Since agricultural exports account for a very considerable proportion of all exports, such



efforts will help to reduce the disruptive effects of the balance-of-payments crises while playing the important role of a resource for the transformation of the African economies.

In the context of the need to generate foreign exchange, promotion of manufactured exports can have an important role to play. In Africa, however, manufactured exports have so far been marginal, accounting for only 4 per cent of all exports in 1978 in sub-Saharan Africa.<sup>64</sup> While a few countries (eg, Ivory Coast, Kenya) have declared that they are intending to pursue the strategy of developing manufactured exports, prospects for the bulk of African countries do not seem to be particularly bright in this area. Impressed by the success of some developing countries in the export of manufactures (eg, South Korea, Taiwan, Singapore and Hong Kong), it has been argued that export-oriented industrialisation should be adopted to replace the inward-looking strategies.<sup>65</sup> Such outward-looking industrialisation strategies are based on the principle of comparative advantage and are to be pursued through trade liberalisation. The supporters of this strategy have argued that the export-oriented industrialisation strategy will correct the defects of ISI.

Reservations have been expressed about the 'magic' of the export-oriented industrialisation strategy (EOI).<sup>66</sup> First, the recent increasing tendency of industrialised countries to protect their own industries against imports from developing countries does not show signs of changing. Second, while a handful of developing countries have achieved substantial levels of manufactured exports, it is uncertain whether all developing countries can simultaneously succeed in achieving such levels. Third, the Taiwan and South Korea models can only be adopted with great caution. In the case of Taiwan, the success in the export of manufactures was accompanied by factors such as massive aid, the proximity of the Japanese market, the presence of immigrant and indigenous entrepreneurs, and the favourable trade conditions provided by the Vietnam war. The supporters of EOI have not sorted out the relative contribution of these factors, most of which can hardly be repeated in African economies. In the case of South Korea, it is evident that a wide range of import substitution industries was also developed

<sup>64</sup> *ADSA*, Table 8.

<sup>65</sup> See, for instance, Roamer, *op cit*; A O Krueger, *Foreign Trade Regimes and Economic Development*, 1978; H Hughes and J Waelbroeck, 'Can Developing Country Exports Keep Growing in the 1980s?', *The World Economy* 4 (2) 1981.

<sup>66</sup> See, for instance, Paul Streeten, 'A Cool Look at Outward-Looking Strategies for Development', *The World Economy* 5 (3) 1982.

and, contrary to the free trade arguments used by the supporters of EOI, many non-price measures were used to promote export industries. Fourth, the supporters of EOI have so far failed to show how this strategy would ensure (a) the development of linkages in the economy (especially the neglected relation between agriculture and industry); (b) the development of the domestic technological capacity; (c) the integration of the economies; and (d) the correct prediction of the dynamic comparative advantage. This is not the place to go into the details on the relative merits of different strategies but only to indicate that the EOI does not seem to be capable of correcting the defects of ISI, hence any suggestion to replace ISI by EOI needs to be viewed cautiously in Africa. In fact, as this paper has shown, the main problem with ISI as it has been implemented in Africa is that it has not been sufficiently inward-looking. It has been largely outward-looking in its source of inputs. The defects of ISI have, therefore, largely stemmed from its outward-looking characteristic as far as inputs are concerned. It is at that level that efforts to correct the defects of ISI would have to focus rather than on EOI as such.

On the foreign exchange expenditure side, the development experience in Africa points to the need to choose economic activities and technologies with a view to reducing import dependence and making use of domestic resources. Choice of economic activities (ie, the output-mix) will have to rely on the immense human and natural resources of Africa. Choice of the output-mix would have to give high priority to the development of linkages in the African economies and to the development of technological capacities. This strategy will imply that Africa engages more than she has done hitherto in the production of intermediate and capital goods. In this context, one major obstacle seems to be the size of the domestic market. However, as has been recognised in the recent Lagos Plan of Action,<sup>67</sup> measures for the basic restructuring of the economic base of Africa will have to follow the regional approach based primarily on collective self-reliance. To facilitate the attainment of objectives of self-reliance and self-sustainment it has been recognised that it will be necessary to establish national, subregional and regional (for Africa as a whole) institutions. It is in this framework that the concept of collective self-reliance could be extended to the Third World, increasingly replacing North-South links with South-South links.

<sup>67</sup> Lagos Plan of Action, adopted by the OAU Heads of States, 28-9 April 1980

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# North-South Monitor

## THE UN SYSTEM

### ▲UNCTAD—Trade and Development Board (TDB)

Geneva, 26 March–6 April 1984

■ The adoption by consensus of a resolution on **protectionism and structural adjustment**, and agreed conclusions on **debt and development problems** of developing countries, was the main achievement of the TDB's Spring 1984 session. The first resolution provides that the TDB's annual review of the problems of protectionism and structural adjustment will monitor in structural and sectoral detail the developed countries' commitment at UNCTAD VI to work for the reduction of protectionism against the Third World.<sup>1</sup> The conclusions on debt stress the importance of the link between the expansion of developing countries' export earnings and their ability to service debts, and the need for development aims to be better accommodated in debt rescheduling operations.

■ Gamani Corea, the Secretary-General of UNCTAD, echoed widely-held views about the palliative nature of measures taken so far to deal with the debt problems of developing countries. With the total debt of non-oil developing countries now standing at \$700bn (compared to \$160bn a decade ago), he emphasised the 'primary focus on the short-term aspects of the problem'. With creditors persisting in a 'short-leash' approach, according insufficient attention to development needs, the heavy price debtors were having to pay in terms of growth and stability (sharp cut in imports, investments, budgets, and social outlays, and contractions in employment and standards of living) continued to threaten severe social and political consequences. Roger Lawrence, Director of UNCTAD's Money, Finance and Development Division, drew attention to the negative impact on the debt problem of high US interest rates, together with the strong US dollar; the hardest hit were those African countries whose exports were directed primarily to European markets, but which had a significant volume of their external debt denominated in dollars. The industrialised countries maintained their position that their governments and financial institutions had handled the debt crisis flexibly and satisfactorily.<sup>2</sup>

● 'I dread to contemplate what would be the repercussions economically, politically, socially—nationally as well as internationally—of the prospect of a whole decade of slow, sluggish growth in the developing countries—a prospect which is in store if the process of development does not acquire a rapid tempo and if the reactivation of development is delayed or denied. The prospect is full of the gravest consequences for the international community'. Gamani Corea, the Secretary-General of UNCTAD. *UNCTAD Press Release TAD/INF/1551*, 27 March 1984.

... a strategy which relies on recovery in the developed world and adjustment in the developing countries of the sort presently being experienced will at best produce a long and painful period of negligible or low growth in developing countries with debt-servicing problems'. Roger Lawrence, Director of UNCTAD's Money, Finance and Development Division. *UNCTAD Press Release TAD/INF/1552*, 29 March 1984.

'If poor countries are asked to tighten their belts any more they may well break in

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two'. Douglas Jayasekera, Sri Lankan delegate to the TDB meeting. *UNCTAD Press Release TAD/INF/1554*, 2 April 1984.

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▲International Conference on Population  
Preparatory Committee Meeting  
New York, 12–17 March 1984

■The Preparatory Committee continued two years of preparatory work by approving a set of eighty-three recommendations for the International Conference on Population in Mexico City in August 1984. These seek to further the implementation of the World Population Plan of Action, adopted at the 1974 World Population Conference in Bucharest, a document which calls for a wide range of **national and international policies aimed at solving population problems and promoting development**. Against the fundamental backdrop of continued high population growth rates in many developing countries,<sup>3</sup> and the explosive growth of urban areas, the multiple issues and aims of these latest recommendations are based *inter alia* on the following considerations: an intersectoral approach to population and development; the improvement of the status of women; the problems raised by internal and international migration, and by the changing age structure of populations; and, the scope for better collection, analysis, and exchange of population information. Among the goals and policies outlined are improvement of life expectancy at birth, the protection of maternal and child health, the promotion of family planning, and demographic training.<sup>4</sup>

●'Our knowledge and experience of population today is much more extensive and sophisticated than it was in 1974. Moreover, today the importance of population to the development process is widely accepted. The Mexico Conference, in setting a future course of action, should take into account this body of knowledge and carefully assess the impact of new population problems and perspectives on overall development plans and programmes'. Rafael M Salas, Secretary-General of the Population Conference. *UNFPA Press Release*.

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▲UN Convention on the Law of the Sea  
Preparatory Commission for the International Sea-Bed Authority and the  
International Tribunal for the Law of the Sea—Second Session  
Kingston, Jamaica, 19 March–13 April 1984

■Following on from the groundwork laid during its first session in 1983,<sup>5</sup> the Preparatory Commission decided on a programme of work, adopted twenty rules for the registration of applications of pioneer investors, and began more detailed consideration of the questions of overlapping claims and the confidentiality of information provided by pioneer investors. It also began a rule-by-rule consideration of draft rules of procedure for the Assembly of the International Sea-Bed Authority (which had been prepared by the Secretariat). Since the end of the first session, Equatorial Guinea, Mali and Swaziland had signed the Convention, bringing the

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total number of signatories to 134; the latest country to ratify the Convention was the Ivory Coast, bringing the overall number to ten.<sup>6</sup>

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▲ Food and Agriculture Organisation (FAO)  
Committee on World Food Security  
Rome, 11–18 April 1984

■ This ninety-nine member committee of the FAO approved measures aimed at **strengthening food security along national, regional and global lines**. At the national level, the importance of comprehensive food security programmes was reiterated, with low-income, food-deficit countries needing to assign priority to increasing domestic food production. In view of the need for adequate external assistance, the Committee supported the proposal for a FAO Food Security Action Programme, which would coordinate FAO support in the formulation of programmes and mobilisation of assistance. General support was voiced for two proposals of Edouard Saouma, the FAO Director-General: first, a 'World Food Security Compact', which would combine in one charter a variety of texts, such as the International Undertaking on World Food Security, the Plan of Action on World Food Security, and relevant sections of the UN International Development Strategy; and, second, an interim system of national food reserves, under which countries able to do so would earmark grain or funds for food-deficit countries in the event of crucial food supply shortfalls. The Committee agreed on several action areas to follow up its debate on the strengthening of delivery systems for small farmers in Africa—these included improved training, strengthened farmer organisations, and better storage. Finally, the Committee urged greater political will in the effort to eradicate the paradox of deteriorating food security in the low-income food-deficit countries, despite the continued adequacy of global cereal supplies.<sup>7</sup>

● 'We have seen acute insecurity, shortages and even local famine in Africa, while at the same time the US and Western Europe have been attempting to cope with the problems of over-abundance. The paradox of scarcity in some parts of the globe and surpluses in others, which was so familiar in the 1950s and 1960s, is with us again. And the world still has no effective mechanism for guaranteeing that, in times of adversity, the most hard-hit countries have access to the food supplies they need'. Edouard Saouma, the Director-General of the FAO. *FAO News Release* Press 84/20, 11 April 1984.

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▲ Commission on Transnational Corporations  
Tenth Session  
New York, 17–27 April 1984

■ Draft resolutions on **home country responsibilities for transnational corporations operating in South Africa and Namibia**, and on **public hearings on transnational corporations' activities in South Africa**, were approved by the Commission at the instigation of the Group of 77. The first of these (opposed by the Federal German

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Republic, Switzerland, the UK, and the US, with Canada, France, Italy, Japan, the Netherlands and Norway abstaining) called for home countries to try to prevent the collaboration of their transnational corporations with South Africa and Namibia, together with the withdrawal and prevention of investments there. Host countries were called upon to re-examine their relations with transnationals having connections with South Africa. With the Western European states still to nominate their representation for the Commission's *Ad Hoc* Committee on the Preparations for the Public Hearings on the Activities of Transnational Corporations in South Africa, the second draft called for this committee to begin work no later than August 1984. With the Code of Conduct on Transnational Corporations still to be adopted, Philippe Levy, the Chairman of the Commission, voiced concern at its increasingly routine approach, with some resolutions submitted almost as a matter of habit.<sup>8</sup>

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▲ World Health Organisation (WHO)  
Thirty-Seventh World Health Assembly  
Geneva, 7-17 May 1984

■ An important achievement of the thirty-seventh WHA was the **adoption of a resolution aimed at curbing marketing abuses by the pharmaceutical industry worldwide**. Representing a significant breakthrough for the international coalition of consumer organisations lobbying for international controls on drug marketing and pricing policies, the resolution calls for a meeting to be held next year to discuss marketing practices in the drug industry, particularly in the Third World. Grouping officials from governments, the drug industry, and patient and consumer organisations, the meeting will also examine ways of distributing unbiased information on drugs to WHO's 164-member countries. With the US the only country to oppose the resolution, and with angry reactions from drug industry officials, the active support given by Western countries such as Switzerland and the UK, and Third World countries such as Algeria, Ghana, and Tanzania, provided a reflection of longstanding WHO concern about the high proportion of national health budgets spent on drugs. In particular, the Third World is felt to have been a victim of the proliferation of frequently inappropriate or ineffective medicines, such as tonics and vitamins, and of the increasing practice of the sale of products which have been banned or restricted in other countries. Through its Action Programme on Essential Drugs and Vaccines, WHO has been attempting to ensure the availability of a selected number of safe and effective drugs and vaccines at a low cost. With the Third World struggling with its share of \$15-20bn of an annual \$100bn world drug bill (despite having three-quarters of the world's population), national drug policies and strategies are being sought to supply essential drugs and vaccines preferentially to primary health care systems.

Substantial discussion was devoted to WHO's **Global Strategy of Health for All by the Year 2000** (now endorsed by almost two-thirds of WHO members), with further calls for the reorientation and modification of health systems towards primary health care. The strategy has been another victim of the international recession, with the average annual gap in resources for its implementation standing at \$50bn.

Other areas covered by the Assembly were: the prevention of blindness due to

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Vitamin A deficiency (affecting 10mn children in Asia, and prevalent in Africa, the Western Pacific and Latin America); health assistance to Cyprus, Lebanon, the occupied Arab territories, the African frontline states, and the drought and famine-stricken African countries; support for a Central American health improvement initiative; and, improvement of the implementation and monitoring of WHO's International Code of Marketing of Breast-Milk Substitutes.\*

●... health must be conceived as a social objective of deep significance and political importance. Despite the serious constraints laid upon us by the international financial situation, by virtue of which the basic activities contribute to the process of integration and political and democratic development of the society, it is essential that primary health care programmes be accorded the necessary budgetary support. Otherwise we shall not go beyond rhetoric and pious wishes'. Guillermon Soberon Acevedo, the President of the Thirty-Seventh WHA. *WHO Press WHA/3*, 8 May 1984.

'The authors of this resolution have made plain that this meeting is the first step toward controls that would further regulate all aspects of the industry's activities, including research. Such a development would do grave harm to the countries which the consumer groups believe they are helping'. Richard Arnold, Executive Vice-President of the International Federation of Pharmaceutical Manufacturers' Association, speaking against the meeting called for in the WHA's resolution on drug marketing abuses. *Financial Times* (London) 18 May 1984, p 3.

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### ▲ Commission on Human Settlements Libreville, Gabon, 3-11 May 1984

■ The state of training and information for human settlements, and the **International Year of Shelter for the Homeless (1987)**, were the main subjects discussed by the seventy-four countries at this annual review. The Commission called for developing countries to cooperate towards the goal of self-sufficiency in training and materials for human settlement, which in the past have been limited and inappropriate. The need to improve information and policy management was illustrated by accounts of the general absence of data on slum and squatter settlements, which comprise on average 50 per cent of the urban population of developing countries. The need for rational utilisation of human settlement was underlined by Arcot Ramachandran, the Executive Director of the UN Centre for Human Settlements (HABITAT) in Nairobi. For example, replacement of the emphasis on new construction by improved maintenance and management of existing buildings and infrastructure could help reduce inner city decay, together with the pollution and health hazards resulting from neglect of water supply, solid waste disposal, and sanitation systems. With around 1bn people lacking adequate shelter, and 1bn city and urban dwellers set to double in number within fifteen years, the 6 to 15 per cent of Third World construction output devoted to the repair and maintenance of constructed facilities compares unfavourably with the North, where the corresponding figure is twenty-five to thirty-five per cent.

Of the \$4.9mn required for the International Year of Shelter for the Homeless, only \$1.8mn had yet been received against expected programme and project



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commitments of \$2.2mn. With 80 per cent of contributions having come from developing countries, the objectives of the Year cannot be met unless the industrialised countries are willing to contribute a good deal more. The main themes for review at the Commission's 1985 session in Jamaica will be planning and management for human settlements, with emphasis on small and intermediate towns and local community participation.<sup>10</sup>

● In a great many areas of human settlements policy and programmes, there is convincing evidence that workable technical solutions are available, yet one doubts if there is a single country in the developing world where these solutions are in place on a scale commensurate with the needs. In no other field of activity within the economic and social sector have the declarations of governments so outstripped their actions'. Arcot Ramachandran, the Executive Director of HABITAT. *UN Press Release HAB/29*, 11 May 1984.

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▲ Council for Namibia  
Extraordinary Meetings  
Bangkok, 21-25 May 1984

■ Meeting prior to the UN's annual 'Week of Solidarity' with the peoples of Namibia, South Africa, and colonial territories (25 May-2 June 1984), the Council adopted a thirty-four page **Bangkok Declaration and Programme of Action on Namibia**. This reiterated the widespread international condemnation of the South African and US attempts to link Namibian independence with the withdrawal of Cuban troops from Angola. It denounced South Africa's attempts to perpetuate its illegal occupation of Namibia through fraudulent constitutional and political schemes, with the attempts to promote an internal settlement through the Namibian Multiparty conference seen as a further violation of the democratic transition to independence envisaged by UN Resolution 435. The Council called on the major Western governments and Israel to end their widely-deplored economic, political and military assistance to the South African government, and actively to prevent their transnational corporations from continuing the illegal and unscrupulous exploitation of Namibia's resources. International organisations such as the International Monetary Fund (which granted South Africa a loan of \$1 1bn in November 1982) were urged to end their assistance to South Africa, and all states urged to give maximum political, moral and material support to the frontline states in their efforts to strengthen their economies and to repel South Africa's destabilisation policies.<sup>11</sup>

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### THE COMMONWEALTH

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▲ Committee on Southern Africa  
London, 9 May 1984

■ The Committee's review of recent developments in Southern Africa highlighted the test now under way of South Africa's intentions in the wake of the regional peace

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accords,<sup>12</sup> together with the continued need to bring about Namibian independence through the implementation of UN Resolution 435. As a follow-up to the call of the 1983 Commonwealth Summit in New Delhi<sup>13</sup> for effective action to counter South African propaganda, the Committee called on the UN or Commonwealth Secretary-General to undertake a study on this matter, and established a consultative group to examine the possibility of cooperation with the UN. It deplored the decision of the English Rugby Football Union to visit South Africa in May-June 1984 as a flagrant violation of the Gleneagles Agreement, with potentially serious implications for Commonwealth and international sport.

The Committee echoed widespread international dismay at the visit of PW Botha, the South African Prime Minister, to the UK in June 1984 (the first such visit since South Africa was obliged to leave the Commonwealth in 1961). Its guarded welcome for the British government's professed intention to convey the opposition of the UK and the Commonwealth to *apartheid*, was not vindicated by coverage in the white South African media, which hailed the tour of eight European countries (Portugal, the UK, the Federal German Republic, Switzerland, Austria, France, Italy, and Belgium), including the talks with Margaret Thatcher, as a considerable propaganda victory. Although the aim of the South African government was to break its international isolation, the intended peacemaking image contrasted sharply with tour statements linking Namibian independence with the withdrawal of Cuban troops from Angola, and the arrest in Windhoek on 10 June 1984 of thirty-seven SWAPO members under laws providing for long detention without trial, and substantial prison sentences and fines.<sup>14</sup>

● '*Apartheid* is the modern face of slavery; it is as cruel, as dehumanising, as institutionalised as slavery was. . . . As a South African Prime Minister visits the headquarters city of the Commonwealth for the first time since South Africa ceased to be a member of the Commonwealth, it is important that there be no doubt whatever where the Commonwealth collectively stands. It remains united and unambiguous in its opposition to *apartheid* as the root cause of repression and violence in South Africa and of instability throughout the region'. Shridath Ramphal, Commonwealth Secretary-General. *Commonwealth Information* 84/12, 9 May 1984.

'They must go, fair or not, that's it. We are a regional power. It is our region, and we want to play a stabilising role. We are not going to have 30,000 Cubans running wild, raping women and stealing chickens'. Pik Botha, the South African Foreign Minister, as quoted on renewed statements during the South African Prime Minister's European tour linking the departure of Cuban troops from Angola with the ending of South Africa's illegal occupation of Namibia. *The Times* (London) 7 June 1984, p. 5.

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### AFRICAN CARIBBEAN AND PACIFIC-EUROPEAN ECONOMIC COMMUNITY (ACP-EEC)

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▲ Third and Fourth Ministerial Meetings for the negotiation of a Third Lomé Convention  
Suva, Fiji, and Luxembourg, 3–5 May and 28–30 June 1984

■ In spite of an inconclusive narrowing of differences over key policy issues, two more strenuous negotiating sessions ended in optimism that a new Lomé Convention would be signed in time to follow from the present one in February 1985. Remaining differences centred on fundamental mechanisms of the Lomé Convention such as **finance, trade, STABEX, SYSMIN, and rules of origin**, as well as the proposed **policy dialogue** cutting across these areas.

On the financing of the Lomé Convention (the last issue to be settled on the previous two occasions), the widely divergent ACP-EEC position was compounded by differences within the EEC itself. The UK, with support from the Federal German Republic, favoured only a marginal increase, from 5.6bn ECU (European Currency Units) to around 6bn ECU, in return for substantially improved access of ACP products to the EEC market. France, together with Greece and Italy, fearing the domestic economic and political implications of trade concessions, offered to maintain the level of finance in real terms, meaning a rise to about 8bn ECU. The ACP were reported to have favoured up to 15bn ECU, to take account not only of inflation, but of factors such as population increase, and the impending enlargement of the EEC (to include Spain and Portugal) and of the ACP (to include Angola and Mozambique).

ACP calls for improved preferential access to the EEC market were matched as yet only by an EEC offer to review each case as it arises, with a guarantee of trading terms equal to that of any other third party agreement. Continued ACP pressure for a relaxation in the EEC's 'rules of origin', which require a 40 to 60 per cent domestic value added on ACP products before preferential tariff rates apply, ended inconclusively with an EEC offer of a static 50 per cent requirement. The continued impasse on STABEX and SYSMIN reflected the importance to the ACP of adequate mechanisms to compensate losses of earnings in primary agricultural and mineral products. The problem remained of extending the number of products covered by SYSMIN and reducing the thresholds which bring it into effect, while the ACP staunchly opposed closer EEC monitoring of the use of STABEX funds. This has aroused fears of eventual controls reminiscent of IMF conditionality practices, with the EEC perceived as potentially able to tie all finance to domestic ACP policies, it allowed to introduce its proposed system of consultations on the use of finance, dubbed the 'policy dialogue'.

Of two issues on which important progress was made, the EEC made a significant concession to longstanding ACP demands for access to its massive surplus farm produce. This will allow the ACP to conclude multi-annual contracts to buy up surplus produce at prices fixed at world market levels on a year by year basis (thereby reducing the problem of unpredictable cost fluctuations). The controversial issue of human rights appeared to be resolved, with the likelihood of the chapter favoured by

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the EEC finishing as no more than a reference in the preamble to Lomé III. Finalisation of these issues, and the resolution of remaining differences, was predicted for a restricted ministerial session in the Autumn of 1984.<sup>15</sup>

● 'We are entering the final straight in the run-up to the Third Lomé Convention'. Claude Cheysson, French Foreign Minister and President of the EEC Council. *EUROPE* (Brussels) No 3882, 2/3 July 1984.

'The EEC does not feel that Africa can face its economic problems without outside help. Unlike the Americans, we in Europe do not feel that African development will come automatically. . . . A Lomé Convention is an instrument on which the Africans can depend for real development aid'. Edgard Pisani, the EEC Development Commissioner, speaking at the third negotiating session in Suva. *West Africa* (London) 14 May 1984, p 1017.

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### NORTH ATLANTIC TREATY ORGANISATION (NATO)

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▲ Defence Ministers Meeting  
Brussels, 16-17 May 1984

■ NATO'S Defence Ministers endorsed the **priority development of eleven high technology conventional weapons systems for deployment by the 1990s**. This fits in with NATO's vision of improved conventional strength as a way of ultimately raising the threshold at which nuclear weapons would be used in a war in Europe. On another key element of conventional defence, the Ministers failed to agree on common funding for NATO's programme of military infrastructure (including air bases, ports, munitions dumps, and fuel pipelines), which accounts for less than 1 per cent of NATO national defence budgets. While the Soviet Union was criticised for its deployment of new medium-range missiles in Czechoslovakia and the German Democratic Republic, Joseph Luns, the outgoing Secretary-General of NATO, took the unusual step of personally criticising the Netherlands Defence Minister, Jacob de Ruijter, over his government's indecision on whether to deploy 48 US Cruise missiles in keeping with NATO's 1979 decision.<sup>16</sup>

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▲ Foreign Ministers Meeting  
Washington DC, 29-31 May 1984

■ Adherence to NATO's formal **duel strategy of defence and dialogue**, and the need to **improve conventional forces to reduce reliance on nuclear weapons**, were the main themes to emerge from the communiqué of NATO's Ministerial Council, and from a separate 'Washington Statement on East-West Relations'. The Washington Statement's harsh language about the Warsaw Pact, such as 'the relentless campaign by the Soviet Union to breach Alliance solidarity', was matched by reference to NATO's wish 'to build on areas of common interest towards a more constructive dialogue and cooperation with a view to achieving genuine détente'. The Ministers made clear that the West was ready to return to the Geneva START and INF

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negotiations without preconditions, but was not willing to make any advance concessions to lure the Soviet Union back to the talks. With Soviet-US relations severely strained over the US medium-range weapon deployment in Western Europe, and the Soviet-led boycott of the 1984 Los Angeles Olympics, some European Foreign Ministers were believed to have sought a more conciliatory line (with Hans-Dietrich Genscher, the West German Foreign Minister, reported to have angered the US over proposed amendments emphasising the positive aspects of détente in the 1970s).

Following expressions of confidence that the Netherlands would fulfill its part of NATO's 1979 decision on the deployment of medium-range nuclear weapons in Europe, the Netherlands government announced on 1 June 1984 that it would delay the deployment of US Cruise missiles for two years. With deployment scheduled for 1986, the government pledged to accept the missiles in 1988 (subject to ratification by parliament), although the full quota of 48 would be deployed only if the Soviet Union and US had made no progress on arms limitation. A final decision on the deployment would have risked the fall of the Netherlands centre-right coalition, following defections by members of the Christian Democrat majority, and outright refusal of the missiles likely to provoke the defection of the Liberal minority. Belgium's centre-right government, which has not taken a final decision on whether to accept its own share of 48 US missiles, has also made its scheduled 1985 deployment dependent on the outcome of further Soviet-US negotiations.<sup>17</sup>

● 'We all recognise there is no more important consideration than the development of a better working relationship with the Soviet Union, one marked by greater cooperation and understanding and leading to stable, secure and peaceful relations'. Ronald Reagan, the US President, addressing the NATO meeting. *IHT* 1 June 1984, p 1.

'... the trail of Soviet adventurism—from Asia to Africa to Latin America—poses a threat to the independence and territorial integrity of sovereign states ...' George Bush, the US Vice-President. *IHT* 30 May 1984, p 1.

'Today's decision is primarily an invitation to the Soviet Union to put a radical stop to the deployment of SS-20 missiles'. Ruud Lubbers, the Netherlands Prime Minister, speaking on the Netherlands Government's decision to delay deployment of US Cruise missiles. *IHT* 2-3 June 1984, p 1.

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### WESTERN ECONOMIC SUMMIT

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▲ Tenth Annual Meeting  
London, 7-9 June 1984

■ With calls for thorough going international economic reform already dismissed beforehand, the leaders at the tenth Western Economic Summit<sup>18</sup> opted for **non-committal or short-term strategies for the crucial economic issues under review**. A communiqué, once more criticised for its blandness, was reported to disguise disagreements over the fundamental issues of growth, unemployment, interest rates.

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and the world debt crisis. Underlying the formal belief expressed in the economic recovery, pledges on further non-inflationary growth, reduction of the obstacles to job creation, and the intention of further public spending cuts, the most persistent and acrimonious disagreement occurred over the size of the US budget deficit and the persistence of high US interest rates. Dismissing long-standing US arguments that deficits and interest rates bear no connection, the wish of France in particular, as well as most other participants, for a strong statement on the need to reduce interest rates, was constrained by the wish of the British government to avoid embarrassment to Ronald Reagan in the US Presidential election year. The essentially Franco-US compromise which evolved was linked to the French government's opposition to Japanese-US demands for a specific timetable (beginning in 1985 or 1986) for the next round of trade liberalisation talks under the General Agreement on Tariffs and Trade (GATT), to succeed the Tokyo Round of the 1970s. With agreement on the GATT talks reduced to a call for a decision 'at an early date', France was willing to adhere to the muted criticisms that high interest rates 'could put the recovery at risk', and 'could . . . exacerbate the problems of debtor countries'.

France was the main dissenter in the discussions on the **international debt crisis**, on which the six-point package which emerged reflected neither President Mitterrand's call for a complete overhaul of the North's approach to the debt problem, nor the continued damage that high US interest rates would cause for the debtor countries. Intended to introduce a more flexible approach to debt, one of the package's main proposals is for longer-term, 'multi-year' rescheduling of Third World debt 'in cases where debtor countries are themselves making successful efforts to improve their positions'. Although the five to ten year rescheduling envisaged would constitute a marked improvement on the year-by-year (or quarter-by-quarter) approach hitherto adopted, the continued country-selective approach drew French and European criticism for the potential penalisation of countries whose debt problems related as much to the onset of the international recession as to any failure to abide by strict IMF austerity programmes. Other points to which the debt package attaches importance include: helping debtor countries to make economic and financial policy changes (taking account of political and social difficulties), and encouraging the IMF role in this process; encouraging further IMF-World Bank cooperation, with a strengthened World Bank role in fostering development over the medium- and long-term; and, encouraging the flow of long-term direct investment, together with open markets in the industrialised countries for the exports of the Third World. In a separate point, Finance Ministers were invited to continue their work on ways of improving the operation of the international monetary system.

On **East-West relations**, the insistence of Canada in particular that the seven should make some kind of opening to the East was at the origin of a four-point declaration on East-West relations and arms control, which stated that they were 'determined' to pursue the search for extended political dialogue and long-term cooperation with the Soviet Union and her allies'. Although stressing the aim of 'security and the lowest possible level of forces', together with a US offer to resume the Geneva arms talks with the Soviet Union, President Reagan admitted that there was little chance of a resumption of East-West talks before the US Presidential elections in November 1984. The Soviet Union dismissed the offer as electioneering by President Reagan, reaffirming the West's desire to negotiate from a position of strength, following the

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deployment of Cruise and Pershing II missiles in Western Europe. Pierre Trudeau, the Canadian Prime Minister, finally rejected the declaration for the way in which it placed the burden on the Soviet Union to return to the arms control talks.

Two other political declarations resulted from UK initiatives: a statement on democratic values—the first of its kind at a Western Economic Summit—was interpreted as a veiled criticism of the Soviet Union, as evidenced in language on the West's belief in 'the rule of law', 'free elections', and the 'need for peace with freedom and justice'. A statement on international terrorism fell short of the binding commitments sought by the British government in the wake of the Libyan People's Bureau siege in London in April 1984. Instead, support was expressed for measures including closer cooperation between the countries' intelligence services, scrutiny of the legal gaps which might be exploited by terrorists, a review of weapons sales to countries supporting terrorism, and consultation over the expulsion of 'known terrorists, including persons of diplomatic status involved in terrorism'.<sup>19</sup>

● 'At recent Summits we have agreed that our objective is recovery based on the continued reduction of inflation. In pursuing that aim we have further emphasised the need to restrain public expenditure, public borrowing and monetary growth . . . That must surely be the first message to go out from this Summit meeting: the strategy is the right one, and we intend to stick to it'. Margaret Thatcher, in the British Prime Minister's opening speech to the Summit. *Daily Telegraph* (London) 9 June 1984, p 8.

'Britain ought to attempt the organisation of a Summit package which offers a coordinated European reflation in exchange for a smaller US deficit and a more expansionary US monetary policy'. Roy Hattersley, the British Shadow Chancellor of the Exchequer, and Deputy Leader of the British Labour Party, addressing the 'Other Economic Summit' in London (6–10 June 1984); this was designed as a forum of expression for alternative economic policies to those advocated by the Western Heads of Government. *Daily Telegraph* (London) 9 June 1984, p 8.

'Rarely has so much been needed by so many from so few; rarely has so little been given'. Neil Kinnock, the British Labour Party and Opposition Leader. *The Guardian* (London) 11 June 1984, p 1.

'If you claim world leadership you have to be ultra-sensitive. You cannot just say "We're the best, read our bible"'. Jacques Delors, the French Finance Minister, speaking about the US refusal to acknowledge the international economic damage caused by its high interest rates. *The Guardian* (London) 9 June 1984, p 1.

' . . . in exerting massive pressure on its partners, Washington is trying to resolve its own economic problems and difficulties at the expense of others. The trade and economic expansion of Japan is also making itself felt. In short, the tangle of inter-imperialist contradictions is being tightened still further . . . ' Konstantin Chernenko, the Soviet President. *BBC Summary of World Broadcasts* SU/7670/A1/1, 15 June 1984.

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## WARSAW PACT

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### ▲ Foreign Ministers Meeting

Budapest 20 April 1984

■ The Foreign Ministers of the Warsaw Pact (Bulgaria, Czechoslovakia, Hungary, German Democratic Republic, Poland, Romania, and the Soviet Union) issued a fresh appeal to the West to abandon its programme of deploying **572 medium-range nuclear weapons in Western Europe**. Although they proposed dialogue as the best means of defusing East-West tension, the Ministers refused to contemplate a return to the Geneva START and INF negotiations until the US Cruise and Pershing II missiles deployed in the Federal German Republic and the UK were withdrawn; the missiles stationed in Czechoslovakia and the German Democratic Republic as countermeasures would then be withdrawn. With NATO pledged to continue the deployment programme as planned, the Soviet Union announced on 14 May 1984 that it planned to further increase its stocks of theatre range nuclear weapons in the German Democratic Republic (thereby continuing the first-ever move of nuclear weapons from the Soviet Union to other Warsaw Pact territories).<sup>20</sup>

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## COUNCIL FOR MUTUAL ECONOMIC ASSISTANCE (COMECON)

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### ▲ Summit Meeting

Moscow, 12-14 June 1984

■ Meeting at summit level for the first time since the adoption of COMECON's main economic development programme in April 1969, leaders and senior officials of the ten COMECON member countries<sup>21</sup> issued formal statements on the need for **further internal economic integration, and improved relations with the West**.

The first statement, entitled 'On the main directions of further developing and deepening economic, scientific and technical cooperation of the COMECON member states', outlined a dual purpose of increased regional trade and specialisation, together with reduced economic dependence on the West. As anticipated, this entailed no significant policy shifts to deal with the economic problems arising from the mechanical rigidities of COMECON's trading system, which has been the object of much criticism in the West. With average intra-COMECON trade having declined from 65 per cent to below 55 per cent during the 1970s, many observers from both East and West have pointed to the need to create a multilateral trading system with flexible pricing, as well as a convertible currency as a means of settlement. The present planning of trade in exact amount and price through bilateral barter negotiations, together with a unit of account (the so-called 'transferable rouble') which is not freely usable as a means of settlement, has provoked the criticism that a surplus with one country cannot be used to buy goods from another.

The main reform signalled at this summit focused on the central COMECON exchange of Soviet energy and raw materials for Eastern European consumer and



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technology products. The Soviet sale of these commodities to Eastern Europe at a price pegged to a moving average of world prices over the previous five years, has gradually shifted the terms of trade in favour of the Soviet Union, although its annual average surplus of 3.7bn roubles is virtually unusable. While agreeing to drop this pricing system (long the subject of internal controversy) for a method based on the current world oil price, the Soviet Union made clear that the continued guarantee of cheap energy to Eastern Europe was contingent upon the latter supplying it with the 'foodstuffs, consumer goods and machinery of high quality' which countries like the German Democratic Republic and Hungary have preferred to sell to the West for hard currency (while exporting products of lower quality to the Soviet Union). The focus of new integration in electronics, computers, microprocessors, and robotics was evident as part of wider integrative measures up to the year 2000 involving increased industrial modernisation and planning, and intensified technological and electronic research. Another fundamental reform was the intention to encourage more 'direct links' between member-country firms, together with the possibility of joint companies across national borders.

The intended reduction of dependence on the West reflected concern not only at the US-led restriction of grain and high technology sales to the East, but also the uncertainties of trading with the West in view of fluctuating Western interest rates (COMECON has a \$55bn foreign debt schedule), business cycles, and protectionism. COMECON nevertheless expressed readiness to develop 'commercial cooperation with capitalist states', including the possibility of 'an appropriate agreement' with the EEC contained in the declaration 'On the maintenance of peace and international economic cooperation'. This second statement was most widely noted for its appeal for 'peaceful coexistence' with the West, coupled with a statement of readiness to confront the 'dangerous test of strength' which COMECON saw as being imposed upon itself by the US. As in recent Warsaw Pact meetings, growing international tension was attributed to the US, with the deployment of US medium-range nuclear weapons in Western Europe seen to have 'ushered in a new, especially dangerous phase of the nuclear arms race on the European continent'.<sup>22</sup>

● '... at the previous summit meeting in 1969 we set a course for the development of socialist economic integration among the COMECON member countries. Today we are entitled to say that this course has been fully justified. Our community has become stronger and larger, the international prestige of COMECON has increased and its positive influence on the economic life of each fraternal country has grown.' Konstantin Chernenko, the Soviet President. *BBC Summary of World Broadcasts* EE/7671/C/5, 16 June 1984.

'International tension has grown substantially as a result of the course of confrontation pursued by the aggressive forces of imperialism, primarily US imperialism ... The escalation of the arms race by those forces is one of the main causes of the aggravation of political and economic instability in the world, increases the threat of nuclear war, jeopardises the very existence of mankind and puts an ever heavier burden on the peoples of the world by diverting huge material and financial resources and slowing down economic and social progress'. From the declaration 'On the Maintenance of Peace and International Economic Cooperation'. *BBC Summary of World Broadcasts* EE/7672/C/1, 18 June 1984.

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'Our call is addressed to the countries of the West. We offer honest terms of peaceful coexistence. Socialism does not need war. It will be able to prove its advantages in peaceful competition'. Konstantin Chernenko. *The Guardian* (London) 15 June 1984, p 8.

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### COMMODITIES

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#### ▲UNCTAD—Integrated Programme for Commodities (IPC)

Third Preparatory Meeting on Iron Ore

Geneva, 9–13 April 1984

■ With conditions in the international market for iron ore substantially changed by cyclical and structural factors since the last preparatory meeting on iron ore in 1978, most of the forty governments represented at the present session agreed that the UNCTAD Secretariat should prepare a report on the possibilities for cooperation between exporting and importing countries. Since 1978, the fall in demand for iron ore linked to the slowdown in world economic growth and the steep decline in the steel content of industrial production,<sup>23</sup> has contrasted unfavourably with the continued expansion of mine capacity linked to investment based on previous over-optimistic projections of market trends. With Peru leading the call of exporting countries for institutionalised dialogue on iron ore, the US was the only country to reject the idea of a producer-consumer forum.<sup>24</sup>

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#### ▲International Tin Council (ITC)

Council Session

London, 27–28 June 1984

■ **The ITC Council continued its 39 per cent cutback**, with the 22,000 tonnes ceiling on exports of tin in the third quarter of 1984 broken down between producing members as follows: Australia, 2,125 tonnes; Indonesia, 5,526 tonnes; Malaysia, 9,128 tonnes; Nigeria, 341 tonnes; Thailand, 4,530 tonnes; and Zaire, 350 tonnes. The Council confirmed Malaysia's offer of a cash contribution to the buffer stock of 58 5mn ringgit, which replaces half its original contribution in the form of metal. Cash helps the buffer stock manager when he is buying since, although he can borrow against the collateral of tin holdings, he has to pay interest.

As to the **continued smuggling of tin concentrates** through Singapore in contravention of ITC rules, Malaysia, Indonesia, and Thailand (the supposed origin of the concentrates) pointed out that they have banned the exports of such concentrates, except in certain specified circumstances. Consuming countries maintain that since they cannot possibly detect imports of illegal tin, the problem must be dealt with by producers. Smuggled tin is expected to total around 12,000 tonnes in 1984, compared with 16,500 tonnes in 1983 (with most concentrates said to have gone to the Netherlands, Spain, and South Korea, for smelting).<sup>25</sup>

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### ▲International Natural Rubber Organisation (INRO)

Council Meeting

Kuala Lumpur, 13–22 May 1984

■The eighth INRO Council meeting **decided to renegotiate the 1979 International Natural Rubber Agreement (INRA)**, in which thirty-four producing and consuming nations finance natural rubber price stabilisation through the operation of a buffer stock, whose limit is 550,000 tonnes.<sup>26</sup> Scheduled for November 1984, the renegotiation is set to focus on broadening the existing rubber support price range, and to examine arguments by Malaysia and other producers that INRO should set up comprehensive export controls.<sup>27</sup>

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### ▲International Coffee Organisation (ICO)

Executive Board Meeting

London, 4–6 June 1984

■The Executive Board agreed on measures to increase the supply of coffee to the international market, since the price of coffee was at the highest levels in London for seven years, and well above the \$1.20 to \$1.40 price range which the ICO seeks to defend. Producers were authorised to release the bulk of their quotas for the remainder of the coffee year to the end of September 1984: 1mn bags of coffee from the April–June quarter, as well as the fourth quarter quotas, with the exception of 2mn bags retained for the event of quota cuts triggered by subsequent price falls. The ICO also decided that quota entitlements which countries could not fulfil should be redistributed among other member exporters. These decisions followed the failure of earlier ICO attempts to check rising coffee prices,<sup>28</sup> a trend which has been attributed to shipping delays, and shortages of high quality coffee caused by drought in West Africa and heavy rain in Brazil.<sup>29</sup>

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### ▲UNCTAD—UN International Cocoa Conference 1984

Geneva, 7–28 May 1984

■Seventy-three producing and consuming countries of cocoa **failed to narrow their differences sufficiently to negotiate a new International Cocoa Agreement (ICCA)** to replace the existing one of 1980. Although both sides agreed that a new ICCA should rely mainly on a buffer stock to maintain prices within a given intervention range, differences remained on how buffer stock operations might be strengthened through other stabilising mechanisms, such as export quotas.

Unlike its predecessors of 1972 and 1975, whose system of export quotas backed up by a buffer stock was never tested because of high market prices, exclusive reliance by the present ICCA on buffer stocking has proved of limited effectiveness in defending a minimum floor price, and unable to deal with the problem of surplus production at source. Due to insufficient financing, the buffer stock has been inoperative since March 1982, when it had spent \$225mn in defending a floor price of 110 cents a pound of cocoa, against a financial requirement of \$580mn for the purchase of the initial buffer stock capacity of 250,000 tonnes at prevailing

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market prices. An increase in the buffer stock levy from 1 to 2 cents a pound in October 1982 proved inadequate, while the non-participation of the Ivory Coast (the world's largest exporter) and the US (the largest single country importer) was an additional handicap. Given excessive supplies of cocoa during five years of surpluses until crop year 1981-2, market prices remained below the lower ICCO intervention point (eventually reduced to 106 cents a pound) from 1980 until December 1983. Since then, following a deficit in production in crop year 1982-3 (and in anticipation of a likely deficit in 1983-4), the indicator price has risen above the lower intervention point, but not as far as the mid point of the 106-146 price range.

Although producers generally advocated a back-up system of export quotas for the new ICCA, the EEC (the world's largest combined consumer of cocoa, and in considerable disarray over a new pact) finally adopted a joint position proposing a system under which producers would withdraw from the market and store part of their production at their own expense. This is set to be discussed at a second round of the conference planned for October 1984, with the present ICCA to be extended beyond the original expiry date of September 1984.<sup>30</sup>

● 'Whilst we the producers have arrived at definite positions on all the major issues . . . our partners, in particular the EEC, regrettably have failed to present a common position which would have made it possible for us to move forward'. Kwesi Botchwey, the Ghanaian Secretary for Finance and Economic Planning, *UNCTAD Press Release TAD/INF/1575*, 28 May 1984.

'The level of prices within which a new agreement should stabilise the market should reflect market realities and be remunerative to producers and equitable to consumers'. Elisabeth Roderburg of Norway, on behalf of the consuming countries at the Cocoa Conference, *UNCTAD Press Release TAD/INF/1568*, 14 May 1984.

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### ▲ UNCTAD—International Sugar Conference Geneva, 12 June–2 July 1984

■ This arduous third session of the conference<sup>31</sup> failed to reconcile the narrow differences among seventy-nine exporting and importing countries of sugar and permit the conclusion of a new International Sugar Agreement (ISA). It was decided that the present ISA, which expires at the end of 1984, will be followed by an administrative agreement (without economic clauses), in which the International Sugar Council will continue as a forum for consultations among exporting and importing countries, and as a centre for the collection of statistics and exchange of information. Jorge Zorreguieta, the Conference Chairman, laid the blame on the intransigence of the major exporters over the crucial issue of Reference Export Availability (REA) (a country's effective quota for sale on the world market). Seven of the 'big ten' exporters (Argentina, Brazil, Dominican Republic, India, the Philippines, South Africa and Thailand) had been willing to compromise on this issue.<sup>32</sup> However, Australia and Cuba refused proposed REAs of 2.6mn tonnes and 2.2mn tonnes (quota cuts of 3.2 and 2.6 per cent respectively), while the EEC was willing to accept its REA of 4.9mn tonnes (a reduction of 9.2 per cent on the previous three years' exports) only with a guarantee that this level would apply for the entire duration of a new ISA.

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One of the main problems in the transition to the administrative agreement was expected to be the liquidation of the ISO's stock financing fund, which has made loans to help finance storage and insurance costs of special stocks (estimated at 2.5mn tonnes) of exporting countries. If exporters release their existing stocks before the present ISA expires, they would technically be required to repay the loans then. A further problem is whether the IMF will press for repayment of loans to Brazil, the Dominican Republic, Malawi, Mauritius, Swaziland, and Zimbabwe totalling around 90mn SDRs. These loans, designed to help to compensate for losses from holding special stocks, would normally have to be repaid within 90 days after stocks are released. In view of the immediate fall in the price of sugar to the depressed mid-1970s level of around 5 cents a pound (compared with the floor price of 13 cents a pound which the ISO has sought to defend), exporters were predicted to be wary of destocking too rapidly. Although fierce competition in the free market is expected to depress prices, some traders have argued that the present ISA has not significantly affected prices, in that most exporting countries have had higher export quotas than they need while the EEC was not a member.<sup>33</sup>

●The outcome of the conference '... is not good for the sugar market and not good for the developing countries which produce sugar and depend heavily on sugar for export earnings'. Jorge Zorreguieta, Chairman of the International Sugar Conference. *UNCTAD Press Release TAD/INF/1582*, 2 July 1984.

'I hope the situation on the world sugar market will push members to resume negotiations ... An administrative agreement does not do anything to help sugar production'. Jorge Zorreguieta. *Reuter Sugar Newsletter* No. 131/84, 5 July 1984.

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### SOUTH-SOUTH

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#### ▲Latin American Debtors Meeting Cartagena, 21-22 June 1984

■Foreign and Finance Ministers of eleven Latin American countries (Argentina, Bolivia, Brazil, Chile, Colombia, Dominican Republic, Ecuador, Mexico, Peru, Uruguay, and Venezuela), accounting for around \$300bn of Latin America's \$350bn foreign debt, adopted the 'Consensus of Cartagena'. This outlined **solutions to the region's debt problems which would not impose obstacles to the reactivation of economic growth and development**, and emphasised **the need for debtors and creditors to share equitably the responsibility of confronting the international debt crisis**. The first part of the Consensus stressed the need for fundamental shifts in domestic and international economic policies and negotiations to take account of the threat to political stability in Latin America caused by austerity measures imposed by creditor countries and institutions, and of the rapid evolution of external factors outside the region's control. The factors most damaging to domestic standards of living had been changes in the conditions of credit (in particular, the escalation of interest rates), the decrease in Latin American exports concurrent with the contraction of imports, and the severe deterioration in the region's terms of trade

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brought on by the international recession and Northern protectionism. The accumulation of Latin America's foreign debt now equalled more than half the region's gross domestic product, and three times its annual exports. Since 1975, interest payments alone had totalled \$173bn, and the debt service ratio of Latin American countries had increased from 26.6 per cent to more than 65 per cent.<sup>34</sup> Paradoxically, the region had become a net exporter of financial resources, with the estimated loss amounting to \$30bn in 1983.

The second part of the Consensus outlined **seventeen proposals as the basis of negotiations with the North**. Some of these re-echoed previous requests to creditor countries, for example, on lower interest rates, improved market access to the North, extended loan repayment periods, and increased direct investment in Latin America. A notable departure from previous demands was the call for commercial banks to lower interest rates in a manner which would reduce their own profits. The seventeen proposals were as follows:

- (a) the adoption of measures that lead to a sharp and immediate reduction of nominal and real interest rates in international markets.
- (b) the use by international banks of reference rates that in no case surpass the real costs of revenues in the markets, and are not based on already established rates, in all their renegotiations and the operations for new credits.
- (c) the reduction to a minimum of operations costs and other expenses, as well as the elimination of commissions, and the abolition of interest for delayed payments during renegotiation periods.
- (d) the use of temporary mechanisms to soften the impact of high interest rates, such as a compensation fund in the IMF, official soft loans, and the extension of payment dates.
- (e) renegotiation operations should take into account the characteristics of the debt and each country's economic recovery and payment ability. Terms and grace periods should be substantially improved. When advisable, negotiations may be extended to multiannual periods and include capitalisation of interests.
- (f) in the case of countries with extreme balance-of-payments problems, clauses should be considered to permit the postponement of parts of the interests which, without incurring additional interests, would be paid with a specific proportion of revenues stemming from an increase in exports.
- (g) the renegotiation of external debts should not compromise export revenues beyond reasonable percentages compatible with adequate levels of the internal production, taking into consideration each country's economic characteristics.
- (h) elimination of the creditors' demand for transferring to the public sector, in an indiscriminate and involuntary manner, the commercial risk of the private sector.
- (i) elimination of the regulatory rigidities of some international financial centres that automatically punish the credit portfolios of developing countries and prevent the granting of new financing, along with adaptation of existing regulations to recognise the special quality that sovereign countries have as debtors in the international financial community.
- (j) reactivation of credit flows to debtor countries, and urgent resumption of granting of short-term credits to finance trade and other necessary operations.
- (k) the allocation of a larger volume of resources and strengthening of the

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credit capacity of the international financial organisations such as the IMF, World Bank, and IDB.

(l) a new allocation of SDRs in the IMF compatible with the liquidity needs of the developing countries, an increase in the time limits of their adjustment programmes, and an expansion of access to their resources.

(m) revision of IMF criteria in respect of the following: (i) priority to be given to the increase of production and employment in the context of economic, social, and political circumstances (ii) fiscal and balance-of-payments goals must exclude the effects of increases in international interest rates not originally envisaged in stabilisation programmes (iii) modification of monetary goals agreed upon to absorb unforeseen rises in the inflation rate within the stabilisation context.

(n) the acceleration and increase in the use of World Bank and IDB resources through such mechanisms as: (i) an increase in the proportion of programme loans and the percentage of the costs of projects that can be financed (ii) a speeding up of the credit disbursements already contracted (iii) a temporary and significant reduction of the offsetting contributions in local currency (iv) the elimination of the order of preference of debtors.

(o) the granting to debtor countries of much longer terms and even more preferential interest rates in the renegotiation of their debts with governments and official credit organisations for exports from the industrialised countries. The granting of new credit on preferential terms to prevent an interruption in imports.

(p) the granting of immediate attention to the demands of developing countries for the stabilisation of their product prices at levels which will counteract the deterioration in their terms of trade.

(q) the rapid elimination of tariff and non-tariff barriers of industrial countries that limit the access of developing countries' products to their markets.

The third part of the Consensus dealt with the creation of a **consultative and follow-up mechanism**, as a means of regional exchange of information, and of promoting dialogue with the governments of creditor countries, international banks, and multilateral financial organisations. The eleven countries offered to hold a meeting with the governments of industrialised countries on the economic, social, and political consequences of Latin America's foreign debt, in the context of promoting renewed economic growth in indebted countries, and sustained expansion of the world economy and trade. They agreed to hold their first follow-up meeting in Buenos Aires in Autumn 1984, prior to the annual meetings of the IMF and World Bank.<sup>36</sup>

● '... were it not for the oil crisis, the international trade recession, the deterioration in the region's terms of trade, the unreasonable interest rates and the weakening of the international development banks, Latin America's foreign debt problem would be a relatively routine one ...' Belisario Betancur, the Colombian President. *BBC Summary of World Broadcasts* ME/7677/D/1, 23 June 1984.

'Latin America has become a clear exporter of capital while highly industrialised nations like the US are importing resources from the rest of the world. It should not be argued that such negative effects are compensated for by the balance of trade

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deficit which supposedly favours Latin America, because it is well-known that 70 per cent of US trade is with Europe and Japan . . .' Belisario Betancur, *BBC Summary of World Broadcasts* ME/7677/D/6, 23 June 1984.

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### ▲Contadora Group

Panama City, 29 April–1 May

■Against a backdrop of increased military activity and foreign military presence in Central America, the Foreign Ministers of Colombia, Mexico, Panama and Venezuela—the Contadora Group—and Costa Rica, Guatemala, Honduras, Nicaragua, and El Salvador—the main territories of the Central American conflict—reached a series of agreements on **potential regional peace accords**. Originally planned as a one-day session to ratify treaty proposals being drawn up by special commissions established in January 1984,<sup>36</sup> the meeting began in a climate of confrontation, with Nicaragua's neighbours demanding that it reduce its military strength, and accusing the Contadora Group of bias towards Nicaragua. Nicaragua held that on this crucial issue of regional arms escalation, the strength of the Sandinista armed forces had to be set against the forces of the other countries as a whole, as they effectively constituted a US-backed bloc threatening Nicaragua's territorial integrity. The deadlock was reported to have been broken when the Contadora Group threatened to dissolve itself unless serious negotiations on the January 1984 outline plan began. Progress followed on the issues of security, regional détente, democracy, human rights, and regional economic arrangements, with technical commissions instructed to draft multilateral treaties on the areas of agreement.<sup>37</sup>

●'We are ready to begin the process of drawing up a regional agreement for peace in Central America'. Bernardo Sepúlveda, the Mexican Foreign Minister. *The Times* (London) 3 May 1984, p 8

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### ▲Costa Rica–Nicaragua Foreign Ministers Meeting

Panama City, 15 May 1984

■One of the most positive breakthroughs in the Contadora peace process was achieved when the Foreign Ministers of Costa Rica and Nicaragua, in the presence of the Deputy Foreign Ministers of the Contadora Group, agreed to the establishment of a **multilateral peace commission** to supervise the troubled 310km Costa Rican–Nicaraguan border. With diplomatic relations stretched to near breaking-point over border incidents involving hostility between the US-backed 'Arde' anti-Sandinista guerrillas operating from inside Costa Rica, and Nicaraguan government troops, the Commission's powers of verification and on-site inspection are intended to prevent events leading to border incidents, and thereby defuse tension. The commission is composed of a high-level representative from both Costa Rica and Nicaragua, together with ambassadors from the Contadora countries (two each from Costa Rica and Nicaragua respectively).<sup>38</sup>



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● This agreement '... confirms the thesis that the Contadora process is a genuine and viable forum toward a peace settlement and brings confidence that we will succeed in a short time'. Carlos José Gutiérrez, the Costa Rican Foreign Minister. *Time* 28 May 1984, p 34.

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▲ Costa Rica–Nicaragua Foreign Ministers Meeting  
Peñas Blancas, Nicaragua, 26 May 1984

■ The Costa Rican and Nicaraguan Foreign Ministers signed a **bilateral agreement** installing the peace commission to supervise their border. Peñas Blancas, which was once a well-used border crossing, symbolised the countries' border tensions—it was almost totally destroyed in an attack eight months earlier by the 'Arde' guerrilla group.<sup>39</sup>

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▲ Association for Latin American Integration (ALADI)  
Montevideo, 28–29 April 1984

■ Foreign Ministers from eleven Latin American countries, meeting under the auspices of ALADI, took preliminary steps towards the **formation of a regional common market**. They approved the following principles: the implementation of a system of preferential tariffs; the formulation by November 1984 of a programme for the reduction of non-tariff barriers over a three-year period; a commitment to revive the 1969 Santo Domingo multilateral agreement, which established mechanisms for cooperation between central banks in the region for the settling of trade payments; a commitment to support bilateral countertrade in the region as a way of saving foreign exchange at a time of balance-of-payments difficulties; and, an ALADI schedule comprising at least two meetings a year.

Despite long-standing economic and political rivalries in the region, and the constant breach of ALADI rules and regulations, such phenomena as Western protectionism and the mounting world debt and finance crisis were seen as sufficiently serious to lend genuine political will to improved regional trade cooperation. With different levels of economic development among ALADI members designated in recognition of the present fragility of Latin American economies, the preferential tariffs were set nominally at 10 per cent for the most developed countries (Argentina, Brazil, and Mexico), 7.5 per cent for the intermediate countries (Chile, Peru, Uruguay, and Venezuela), and 5 per cent for the least developed countries (Bolivia, Ecuador, and Paraguay).

ALADI believes that the main area to benefit from a properly implemented preferential tariffs system will be exports of manufactured goods, the regional trade in which has already grown by more than one-third over the last decade, and now represents about 20 per cent of all Latin American manufacturing exports.<sup>40</sup>

● 'We have entered a period in which solidarity in the region has moved from the rhetorical to the concrete out of sheer necessity'. Leopoldo Tettamanti, the new Argentine Ambassador to ALADI. *Financial Times* (London) 3 May 1984, p 4.

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▲ Caribbean Community (CARICOM)  
Fifth Summit of the Heads of Government  
Nassau, the Bahamas, 4–7 July 1984

■ CARICOM's thirteen member states,<sup>41</sup> devoted this meeting to economic issues—mainly the promotion of regional trade and the avoidance of protectionism. Following a fall in intra-regional trade by \$71mn to \$464mn in 1983 (compared with a 1985 target of \$750mn), measures of potential revitalisation included a system of permanent monitoring (with the emphasis on selected commodities), and efforts to reactivate CARICOM's \$100mn Multilateral Clearing Facility (of which Guyana had used up the vast majority). Trinidad and Tobago promised to start dismantling its controversial trade barriers when a new undertaking by other CARICOM members to increase their purchases from the country (which has been attempting to stem a drain on hard currency reserves) began to take effect. The decision to grant observer status on some CARICOM bodies to the Dominican Republic and Haiti (in addition to Surinam, which already has observer status) could lead to the eventual membership of these countries, and a further expansion of CARICOM's market of 5 million people.

The closest references to the Grenada crisis which had so divided CARICOM<sup>42</sup> were interpreted to be contained in the leaders' expression of concern over the security of small states, and their increased vulnerability to external aggression, as well as a reaffirmation of respect for the principles of sovereignty, territorial integrity, non-intervention, and non-use of force. Attempts by some leaders to change the rules whereby decisions on membership and expulsion require unanimity failed.<sup>43</sup>

● 'For CARICOM's sake, and for the sake of each individual state of CARICOM, the mutual understanding that survives among us must be a living and authentic reality on the basis on which we face the ever present challenges in today's world to our individual and collective independence'. Sir Lynden Pindling, the Prime Minister of the Bahamas. *BBC Summary of World Broadcasts* ME/7692/D/1, 11 July 1984. 'We ended up without a row. There was an earnest attempt on the part of all participants to keep the common market and the community together'. President Forbes Burnham of Guyana. *IHT* 9 July 1984, p 6.

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▲ Organisation of Petroleum Exporting Countries (OPEC)  
Monitoring Committee Meeting  
Vienna, 6 May 1984

■ The relative stability and firmness of demand in the oil market during the first quarter of 1984 was attributed by the Monitoring Committee to a combination of accidental and temporary factors (such as weather conditions, the UK miners' strike, and accidents in the North Sea) and potentially more lasting ones (for example, the perceived economic recovery in the US). OPEC output was believed to have exceeded the 17.5mn b/d ceiling during the first quarter, concurrent with an increase in supplies from non-OPEC sources. The Committee recommended strict adherence to the OPEC ceiling established under the March 1983 London agreement,

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and to the basic reference price of \$29 a barrel. In addition to ministers from the Committee's four regular members—Algeria, Indonesia, the United Arab Emirates and Venezuela—Tam David-West, the Nigerian Oil Minister, attended as an observer. He pledged Nigeria's continued commitment to OPEC membership, as evidenced by its production cutback to the quota level of 1.3mn b/d, following production of 1.5mn b/d in the first quarter.<sup>44</sup>

● 'We hope that the various member-countries will continue to stick to their national quotas and to official prices. We also hope that the non-OPEC producers will share with us the responsibility of balancing the market and not take any step which would violate or distort the still sensitive market'. Mana Said al-Otaiba, the UAE Oil Minister and Chairman of the Monitoring Committee. *Middle East Economic Survey* (Nicosia) 14 May 1984, p D1.

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### ▲ Organisation of Petroleum Exporting Countries (OPEC) Seventieth Meeting of the Conference Vienna, 10–11 July 1984

■ OPEC decided to maintain its 17.5mn b/d production ceiling and \$29 a barrel reference price, but still managed to grant Nigeria a temporary quota increase to help relieve its economic crisis. Nigeria was given permission to exceed its 1.3mn b/d quota by 100,000 b/d in August, and by 150,000 b/d in September 1984, while the third quarter output of Saudi Arabia, OPEC's swing producer, would drop to 4.0 from 4.5mn b/d to accommodate the increase. OPEC attributed the sharp second quarter downturn in the oil market not only to overproduction of up to 1mn b/d by its own members, but equally to continued lack of volume restraint by non-OPEC oil exporters from both the developed world (the UK in particular, along with Norway and the Soviet Union) and the Third World (such as Egypt, Oman, and Malaysia). A diplomatic initiative was launched under which delegations would visit OPEC members on the question of quota and price observance; meanwhile, Sheikh Ahmed Yamani, the Saudi Oil Minister, would sound out the non-OPEC oil exporters on the possibility of voluntary restraint similar to Mexico's (which, in spite of its domestic economic crisis, has cooperated with OPEC by maintaining production within 1.5mn b/d).<sup>45</sup>

● 'It is a great victory for Nigeria, it is a great victory for OPEC'. Tam David-West, the Nigerian Oil Minister. *IHT* 12 July 1984, p 9.

'... during the first five months of this year, oil production from both Britain and Norway went up by about 13.5 per cent ... the actions of those countries greatly contributed to destabilise the market and aggravate the situation of oversupply.'

Kamal Hassan Magur, the Libyan Oil Minister and new OPEC President. *The Times* (London) 11 July 1984, p 21.

'... if the British don't respond to our initiative, they will be the losers'. Sheikh Ali Khalifa Al-Sabah, the Kuwaiti Oil Minister. *Financial Times* (London) 13 July 1984, p 2.

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### ▲Frontline States

#### Summit Meeting

Arusha, 29 April 1984

■The leaders of the six frontline states—Angola, Botswana, Mozambique, Tanzania, Zambia, and Zimbabwe—ended this one-day summit with a unanimous declaration of support and understanding for **the recent peace agreements concluded by Angola and Mozambique with South Africa**.<sup>45</sup> They also reaffirmed their support for the liberation struggles in South Africa and Namibia, and called for increased political, moral, and material support from the African and international communities for the African National Congress (ANC) and the South West Africa People's Organisation (SWAPO). With the activities of these movements now limited in Mozambique and Angola respectively, the leaders expressed appreciation of Mozambique's commitment to continued moral, political and diplomatic support for the ANC, and urged South Africa to honour its own side of the bilateral peace accords. Despite appeals from Oliver Tambo, the ANC leader, and Sam Nujoma, the leader of SWAPO, for increased active and material support from the frontline states, the meeting did not specify what further practical help it would give beyond caring for refugees from Namibia and South Africa.<sup>46</sup>

●'The Heads of State and Government and the leaders of the liberation movements . . . expressed the hope that the South African government will live up to its commitments to cease its acts aimed at the destabilisation of Mozambique through the use of armed bandits and they gave their support to the Mozambican actions aimed at the total elimination of the South African vicious bandits'. From the final communiqué of the frontline states' meeting *IHT* 30 April 1984, p 2.

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### ▲All-Party Talks on Namibia

Lusaka, 11–13 May 1984

■President Kaunda of Zambia, and representatives of South Africa, SWAPO, and the Namibian Multiparty Conference (MPC—the South African-supported coalition of six Namibian parties) attempted to find a new formula for achieving **independence for Namibia**. Despite prior optimism about a significant breakthrough, the talks broke up inconclusively, and delegates failed to agree on a final communiqué.

According to President Kaunda (who co-chaired the conference with Willie Van Niekerk, the South African-styled Administrator-General of Namibia), the aim had been to conclude a deal affirming UN Resolution 435<sup>47</sup> as the basis for Namibian independence; it would also have called for a ceasefire in the South African-Namibian confrontation, and asserted that the withdrawal of Cuban troops from Angola should not be a precondition for a settlement. There had been speculation that a common front among all the main Namibian parties could have put South Africa in an embarrassing position, thereby pressurising the government into dropping or moderating its insistence on the Cuban troop 'linkage'. The conference was reported to have foundered on the failure to bridge the gap between SWAPO and the MPC: although SWAPO had reportedly come with authority to sign a ceasefire with South Africa (thereby leading to implementation of the UN plan for

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elections), it saw the MPC's call for 'dialogue and communication' among all Namibian groups on the future of the territory, as a thinly-disguised South African effort to replace Resolution 435 with a formula for further delay. Dirk Mudge, chairman of the Democratic Turnhalle Alliance (a coalition of European, Coloured and African political groupings, and one of the main parties in the MPC), attributed SWAPO's refusal to recognise his group, and to sign the proposed final statement, as the chief reason for the breakdown.

This meeting brought the major Namibian parties together for the first time since the abortive UN-sponsored meeting in January 1981. President Kaunda emphasised the value of having identified the main areas of difference on the Namibian question without the direct influence of the superpowers. He attributed the negative stance of the US on this issue to the Presidential elections in November.<sup>48</sup>

● '... the suspended birth of Namibia as a nation is the single most concrete cause of insecurity in Southern Africa, originating from outside the national boundaries of all the individual independent states in the region'. Kenneth Kaunda, President of Zambia and co-chairman of the all-party talks. *BBC Summary of World Broadcasts* ME/7642/B/4, 14 May 1984.

'Positions are mapped out better than they have ever been before'. Sean Cleary, for the South African delegation to the all-party talks. *Financial Times* (London) 14 May 1984, p 28.

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### ▲ Angola-South Africa Talks Lusaka, 2 July 1984

■ Talks led by Kito Rodriguez, the Angolan Minister of the Interior, and Pik Botha, the South African Foreign Minister, centred on the unexplained delay in the **disengagement of South African troops from southern Angola** under the terms of the Lusaka Agreement of February 1984.<sup>49</sup> Although the initial stages of the withdrawal (beginning in March 1984) were reported to have gone according to schedule, South African troops had remained up to 40km north of the Angolan-Namibian border since the beginning of May 1984. South Africa alleged that the activities of SWAPO had increased during May and June 1984. The Angolan government sees this tactic as further pressure on itself to expel 20,000 Cuban troops from Angola, and to enter into negotiations with the UNITA rebel movement of Jonas Savimbi. South Africa claimed that differences over regional security, and the operations of the Angolan-South African Joint Monitoring Commission, had been resolved.<sup>50</sup>

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### ▲ Southern African Development Coordination Conference (SADCC) Council of Ministers Meeting and Summit Meeting Blantyre, Malawi, and Gaborone, Botswana, 24-25 May and 6 July 1984

■ Both these meetings recorded steady progress in SADCC projects over the past year, in spite of the persistence of the world recession, the prolonged drought in Africa, and the continuing security problems caused by South Africa. Of the \$2.9bn

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required for 115 projects in the priority transport and communications sector, \$1.35mn is already secured or under negotiation, with \$740mn already committed towards the implementation of sixty-one projects. The Southern African Transport and Communications Commission (SATCC) is also working on the improvement of existing transport infrastructure, such as roads, railways, ports, civil aviation, and telecommunications. In agriculture, which comes first in the SADCC members' domestic economic policies, regional cooperation is concentrating on the need to strengthen national policies aimed at achieving a dynamic agricultural sector which incorporates food self-sufficiency.

With SADCC's annual conference with international aid donors now well established,<sup>51</sup> the summit denounced the practice of discriminatory funding by some governments and agencies in an attempt to divide SADCC members. Julius Nyerere, the Tanzanian President, criticised the US for a 'negative pledge' intended to avoid the use of US funds in Tanzania (due to its default on interest and repayment of previous loans to the US), in Angola (due to the lack of Angolan-US diplomatic relations), and in Mozambique (because of a general US decision not to support that country).

The summit appointed Simbi Makoni of Zimbabwe as SADCC's new Executive Secretary, following the death of Arthur Blumeris in March 1984.<sup>52</sup>

● '... the commitment of SADCC member states to the principles and objectives of the Lusaka Declaration is as firm today as when we signed the declaration. Nothing has happened since then to weaken or change our determination to maintain these principles and to pursue our objectives in a sustained and common endeavour'. Quett Masire, the President of Botswana. *BBC Summary of World Broadcasts* ME/7690/B/1, 9 July 1984.

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### ▲ Eastern and Southern African Preferential Trade Area

Harare, 1 July 1984

■ This meeting unveiled the terms for liberalisation of trade of the fourteen-member Preferential Trade Area, which was formed in 1981, with a view to reducing Africa's trade dependence on the West. With only about 4 per cent of trade in Africa carried out between member states, the PTA aims to increase substantially intra-African trade links, while holding longer-term goals of a regional common market by 1992, and a pan-African economic community by the year 2000. The initial aim is to phase out tariff and non-tariff barriers over the next ten years, with a list of tariff reductions ranging from 20 per cent on food items to 70 per cent on capital goods. The PTA's current members are Burundi, the Comoro Islands, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Rwanda, Somalia, Swaziland, Uganda, Zambia, and Zimbabwe. Angola, Botswana, Mozambique, Madagascar, the Seychelles, and Tanzania are considering applying for membership.<sup>53</sup>

● 'We are launching the operational phase of our institution for cooperation which could channel to our peoples some of the wealth which has hitherto flowed so generously in other directions'. Milton Obote, the Ugandan President. *IHT* 3 July 1984, p 2.

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## FOOTNOTES

- <sup>1</sup> A summary of UNCTAD VI at Belgrade, 6 June–3 July 1983, can be found in *Third World Quarterly* 5(4) October 1983, pp 919–21.
- <sup>2</sup> *UNCTAD Press Release* TAD/INF/1551, 27 March 1984; TAD/INF/1552, 29 March 1984; TAD/INF/1556, 4 April 1984, and TAD/INF/1558, 9 April 1984.
- <sup>3</sup> Although the growth rate of world population is now in decline, the actual annual addition to the existing 4.76bn people is at a record level of 80–90mn a year.
- <sup>4</sup> *UN Press Release* POP/280, 19 March 1984; *INT* 13 June 1984, p 1.
- <sup>5</sup> See *Third World Quarterly* 5(4) October 1983, p 922, and 6(1) January 1984, pp 184–5.
- <sup>6</sup> *UN Press Release* SEA/561, 16 April 1984, and SEA/561/Corr.1, 17 April 1984.
- <sup>7</sup> *UN Press Release* FAO/3311, 19 April 1984; *FAO News Release* Press 84/20, 11 April 1984.
- <sup>8</sup> *UN Press Release* TNC/298, 27 April 1984.
- <sup>9</sup> *WHO Press* WHA/1, 3 May 1984; WHA/6, 15 May 1984; WHA/11, 17 May 1984; and WHA/12, 17 May, 19 May 1984. *Financial Times* (London) 18 May 1984, p 3.
- <sup>10</sup> *UN Press Release* HE/622, 2 May 1984; HAB/27, 3 May 1984; HAB/28, 7 May 1984; and HAB/29, 11 May 1984.
- <sup>11</sup> *BBC Summary of World Broadcasts* ME/7654/B/2, 28 May 1984. *UN Weekly News Summary* 30 May 1984, p 3.
- <sup>12</sup> See below, Frontline States meeting, and All-Party Meeting on Namibia, and *Third World Quarterly* 6(3) 1984, pp 746–50.
- <sup>13</sup> A summary of the New Delhi Summit is contained in *Third World Quarterly* 6(2) April 1984, pp 464–6.
- <sup>14</sup> *Commonwealth Information* 84/12, 9 May 1984; *West Africa* (London) 18 June 1984, pp 1252–4; *The Times* (London) 14 June 1984, p 6.
- <sup>15</sup> *EUROPE* (Brussels) No 3845, 9 May 1984, p 5; No 3878, 27 June, p 8; No 3879, 28 June 1984, p 11; No 3881, 30 June 1984, pp 5–6; and No 3882, 2–3 July 1984, pp 5–6. *West Africa* (London) 14 May 1984, p 1017, and 9 July 1984, p 1392. *Financial Times* (London) 10 May 1984, p 7, and 2 July 1984, p 4.
- <sup>16</sup> *IHT* 18 May 1984, p 2; *The Times* (London) 18 May 1984, p 7; *Financial Times* (London) 18 May 1984, p 2.
- <sup>17</sup> *The Guardian* (London) 29 May 1984, p 5; *The Times* (London) 1 June 1984, p 5; *IHT* 1 June 1984, p 1, and 2–3 June 1984, p 1; *Financial Times* (London) 1 June 1984, p 4, and 6 June 1984, p 2.
- <sup>18</sup> Prime Minister Trudeau of Canada, President Mitterrand of France, Chancellor Kohl of the Federal German Republic, Prime Minister Craxi of Italy, Prime Minister Nakasone of Japan, Prime Minister Thatcher of the UK, and President Reagan of the US. The Commission of the EEC was represented by the President of the Commission, Gaston Thorn.
- <sup>19</sup> *The Observer* (London) 10 June 1984, p 1; *The Guardian* (London) 9 June 1984, p 1, and 11 June 1984, pp 1, 4, and 14; *Financial Times* (London) 11 June 1984, pp 1, 4, and 17 (communiqué); *IHT* 9–10 June 1984, p 1, and 11 June 1984, p 1; *Daily Telegraph* (London) 11 June 1984, p 4.
- <sup>20</sup> *Financial Times* (London) 21 April 1984, p 2; *The Guardian* (London) 15 May 1984, p 1.
- <sup>21</sup> Todor Zhivkov of Bulgaria, Gustav Husak of Czechoslovakia, Erich Honecker of the German Democratic Republic, Janos Kadar of Hungary, Wojciech Jaruzelski of Poland, Nicolae Ceausescu of Romania, Konstantin Chernenko of the Soviet Union, Yumjaagin Tsedenbal of Mongolia, and Le Duan of Vietnam. Cuba was represented at deputy level by Carlos Rafael Rodriguez, Vice-President of the Cuban Council of State and Council of Ministers. First mooted by President Brezhnev in 1981, the holding of this summit had been repeatedly prolonged due to reported differences between Eastern European countries and the Soviet Union.
- <sup>22</sup> *BBC Summary of World Broadcasts* EE/7671/C/1, 16 June 1984 (contains declaration on economic cooperation), and EE/7672/C/1, 18 June 1984 (contains declaration on peace and international economic cooperation). *Financial Times* (London) 12 June 1984, p 2, 15 June 1984, p 42, 16 June 1984, p 2 and 18 June 1984, p 16. *The Guardian* (London) 15 June 1984, p 8, and 16 June 1984, p 4. *IHT* 15 June 1984, p 1. *The Times* (London) 16 June 1984, p 7. *The Economist* (London) 23 June 1984, p 41.
- <sup>23</sup> According to statistics compiled by the UNCTAD Secretariat, the value of world exports of

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iron ore in 1982 stood at \$6.7bn, compared with \$7.4bn in 1981, and \$7.1bn in 1980. In 1982, developing countries accounted for exports of \$2.9bn, of which Brazil provided \$1.77bn, followed by India (\$399.6mn), Liberia (\$224mn), and Venezuela (\$186.8mn). The main developed exporting countries were Australia (\$3.1bn), Canada (\$835mn), and Sweden (\$245mn). Japan was the main importing country, with imports of \$3.6bn, followed by the Federal German Republic, with \$1bn. The developing countries most dependent on exports of iron ore are Liberia and Mauritania, with 53.7 per cent and 70.3 per cent of total export earnings respectively.

<sup>94</sup> *UNCTAD Press Release TAD/INF/1559*, 10 April 1984, and *TAD/INF/1560*, 16 April 1984.

<sup>95</sup> *ITC Press Communiqué* 28 June 1984; *Reuter Metal Newsletter* No 126/84, 28 June 1984, and No 127/84, 29 June 1984.

<sup>96</sup> The buffer stock was slightly above 270,000 tonnes at the time of this meeting.

<sup>97</sup> *Far Eastern Economic Review* (Hong Kong) 31 May 1984, p 10

<sup>98</sup> See *Third World Quarterly* 6(3) July 1984, p 742

<sup>99</sup> *Reuter Coffee Newsletter* No 108/84, 4 June 1984; *Financial Times* (London) 7 June 1984, p 38; *The Guardian* (London) 29 May 1984, p 16, and 11 June 1984, p 16.

<sup>100</sup> *UNCTAD Report Preparation of an International Cocoa Agreement to Replace the International Cocoa Agreement 1980* TD/COCOA.7/3, 2 May 1984; *UNCTAD Press Release TAD/INF/1568*, 14 May 1984, and *TAD/INF/1575*, 28 May 1984; *Reuter Cocoa Newsletter* No 102/84, 24 May 1984, and 103/84, 25 May 1984; *Financial Times* (London) 23 May 1984, p 38, and 30 May 1984, p 36; *IHT* 9-10 June 1984, p 9.

<sup>101</sup> *Third World Quarterly* 5(4) October 1983, pp 934-6, and 6(1) January 1984, pp 191-2 contain summaries of the two previous negotiating conferences of May and September 1983.

<sup>102</sup> Under Jorge Zorreguieta's final compromise proposal of 25 June 1984, the REAs for these countries were: 568,000 tonnes for Argentina; 2.6mn tonnes for Brazil; 917,000 tonnes for the Dominican Republic; 650,000 tonnes for India; 1.365mn tonnes for the Philippines; 817,000 tonnes for South Africa; and, 1.116mn tonnes for Thailand.

<sup>103</sup> *UNCTAD Press Release TAD/INF/1582*, 2 July 1984; *Reuter Sugar Newsletter* No 124/84, 26 June, No 128/84, 2 July 1984, and No 129/84, 3 July 1984; *The Times* (London) 30 June 1984, p 21; *Financial Times* (London) 3 July 1984, p 28

<sup>104</sup> The fourth 1984 half percentage point rise in the prime US interest rate (to 13 per cent) coincided with the debtors meeting. Each such rise adds as much as \$800mn to Latin America's annual interest payments schedule.

<sup>105</sup> *BBC Summary of World Broadcasts* ME/7677/D/1, 23 June 1984, and ME/7678/D/1, 25 June 1984; *IMF Survey* 2 July 1984, pp 201-2; *Financial Times* (London) 20 June 1984, p 36, 23 June 1984, p 1, 25 June 1984, p 1, and 26 June 1984, pp 3 and 20; *IHT* 25 June 1984, p 1, and 26 June 1984, p 9; *The Guardian* (London) 25 June 1984, p 17; *The Economist* (London) 30 June 1984, p 15.

<sup>106</sup> See *Third World Quarterly* 6(2) April 1984, p 474.

<sup>107</sup> *BBC Summary of World Broadcasts* ME/7633/D/13, 3 May 1984; *Financial Times* (London) 1 May 1984, p 6, and 2 May 1984, p 4; *The Guardian* (London) 1 May 1984, p 6; *The Times* (London) 3 May 1984, p 8

<sup>108</sup> *BBC Summary of World Broadcasts* ME/7645/D/2, 17 May 1984; *Time* 28 May 1984, p 34

<sup>109</sup> *The Times* (London) 28 May 1984, p 4.

<sup>110</sup> *Financial Times* (London) 3 May 1984, p 4

<sup>111</sup> Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St Christopher and Nevis, St Lucia, St Vincent and the Grenadines, and Trinidad and Tobago

<sup>112</sup> An account of CARICOM's emergency session over the Grenada crisis is contained in *Third World Quarterly* 6(2) April 1984, pp 473-4.

<sup>113</sup> *BBC Summary of World Broadcasts* ME/7692/D/1, 11 July 1984; *Financial Times* (London) 4 July 1984, p 5, and 11 July 1984, p 6; *The Times* (London) 9 July 1984, p 4.

<sup>114</sup> *Middle East Economic Survey* (Nicosia) 14 May 1984, pp A5-A6; *Financial Times* (London) 8 May 1984, p 2.

<sup>115</sup> *MEES* (Nicosia) 16 July 1984, pp A1-A6; *Financial Times* (London) 13 July 1984, p 2; *West Africa* (London) 16 July 1984, p 1436.



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- <sup>46</sup> *IHT* 30 April 1984, p 2; *Daily Telegraph* (London) 30 April 1984, p 4; and 1 May 1984, p 4.
- <sup>47</sup> The Security Council Resolution 435 of September 1978 calls for a ceasefire in the South African-Namibian war, which will be followed by a UN-supervised election for a constituent assembly in Namibia to draft an independence constitution prior to the installation of an independent Namibian government. The South African occupation troops (with the possible exception of up to 1,500) would be released by a 7,500 strong UN peacekeeping force.
- <sup>48</sup> *BBC Summary of World Broadcasts* ME/7642/B/5, 14 May 1984, and ME/7643/B/5, 15 May 1984; *The Guardian* (London) 14 May 1984, p 6; *IHT* 14 May 1984, p 5, and 17 May 1984, p 6; *Financial Times* (London) 14 May 1984, p 28, and 16 May 1984, p 3; *The Times* (London), 15 May 1984, p 6.
- <sup>49</sup> See *Third World Quarterly* 6(3) July 1984, pp 746-7. \*
- <sup>50</sup> *BBC Summary of World Broadcasts* ME/7686/B/4, 4 July 1984; *Daily Telegraph* (London) 3 July 1984, p 4; *The Times* (London) 3 July 1984, p 5, and 4 July 1984, p 8.
- <sup>51</sup> This year's conference took place in Lusaka in February 1984. See *Third World Quarterly* 6(3) July 1984, p 746.
- <sup>52</sup> *SADCC Annual Progress Report* (July 1983 to June 1984); *SADCC Summit Communiqué* (Gaborone), 6 July 1984; *BBC Summary of World Broadcasts* ME/7655/B/6, 29 May 1984, and ME/7692/D/3, 11 July 1984.
- <sup>53</sup> *BBC Summary of World Broadcasts* ME/7685/B/1, 3 July 1984; *Financial Times* (London) 3 July 1984, p 6; *IHT* 3 July 1984, p 2.

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# Book Reviews

*The titles reviewed are listed below with names of authors and editors*

- Searle, C: **Grenada: the struggle against destabilisation**  
O'Shaughnessy, H: **Grenada: revolution, invasion and aftermath**  
Payne, A: **The International Crisis of the Caribbean**  
Payne, A, Sutton, P and Thorndike, T: **Grenada: revolution and invasion**  
Marcus, B and Taber, M (eds): **Maurice Bishop Speaks: the Grenada Revolution 1979-1983**  
Commission on Central America: **The Report of the President's National Bipartisan Commission on Central America**  
Policy Alternatives for the Caribbean and Central America: **Changing Course: Blueprint for Peace in Central America and the Caribbean**  
The Miami Report Steering Committee: **The Miami Report: recommendations on United States policy toward Latin America and the Caribbean**  
Holland, S and Anderson, D: **Kissinger's Kingdom: a counter-report on Central America**  
Amnesty International: **Torture in the Eighties**  
Seers, D: **The Political Economy of Nationalism**  
Sathyamurthy, T V: **Nationalism in the Contemporary World: political and sociological perspectives**  
Brown, S: **The Faces of Power: constancy and change in United States foreign policy from Truman to Reagan**  
Jordan, R S (ed): **Dag Hammarskjöld Revisited: the UN Secretary-General as a force in world politics**  
Chudnovsky, D, Nagao, M and Jacobson, S: **Capital Goods Production in the Third World: an economic study of technical acquisition**  
Bauer, P T: **Reality and Rhetoric: studies in the economics of development**  
Wiarda, H J (ed): **Human Rights and US Human Rights Policy: theoretical approaches and some perspectives on Latin America**  
Forsythe, D P: **Human Rights and World Politics**  
Wiseman, H (ed): **Peacekeeping: appraisals and proposals**  
Oxman, B H, Caron, D D and Buder, C L O (eds): **Law of the Sea: US policy dilemma**  
Kemp, T: **Industrialisation in the Non-Western World**  
Shaw, T M and Aluko, O (eds): **Nigerian Foreign Policy: alternative perceptions and projections**  
Cutrufelli, M R: **Women of Africa: roots of oppression**  
Munslow, B: **Mozambique: the revolution and its origins**  
Davidson, B: **Modern Africa**  
Braun, D: **The Indian Ocean: region of conflict or zone of peace?**  
Mason, L and Brown, R: **Rice, Rivalry and Politics: managing Cambodian relief**  
Scully, M T (ed): **Financial Institutions and Markets in the Far East**  
Hajrah, H H: **Public Land Distribution in Saudi Arabia**  
Blum, R M: **Drawing the Line: the origin of the American containment policy in East Asia**  
Qadeer, M A: **Urban Development in the Third World: internal dynamics of Lahore, Pakistan**

Calvert, P: **Boundary Disputes in Latin America**

Goldblat, J and Millan, V: **The Falklands/Malvinas Conflict: a spur to arms build-ups**

Velasco-S, J: **Impacts of Mexican Oil Policy on Economic and Political Development**

Clarke, J E and Bowen-Jones, H (eds): **Change and Development in the Middle East: essays in honour of W B Fisher**

Hiro, D: **Inside the Middle East**

The Economist Intelligence Unit: **World Outlook 1984**

World Bank: **World Tables—third edition: volume 1: Economic Data, Volume 2: Social Data**

Hellawell, R and Wallace, D (eds): **Negotiating Foreign Investments, A Manual for the Third World**

Organisation for Economic Cooperation and Development: **External Debt of Developing Countries, 1983 Survey**

## **Caribbean Crisis**

*Fitzroy Ambursley*

### **Grenada: the struggle against destabilisation**

Chris Searle

London: Writers and Readers. 1983. 164pp. £3.95pb.

### **Grenada: revolution, invasion and aftermath**

Hugh O'Shaughnessy

London: Sphere Books. 1984. 258pp. £2.95pb.

### **The International Crisis in the Caribbean**

Anthony Payne

London: Croom Helm. 1984. 177pp. £14.95.

### **Grenada: revolution and invasion**

Anthony Payne, Paul Sutton and Tony Thorndike

London: Croom Helm. 1984. 255 pp. £17.95.

### **Maurice Bishops Speaks: the Grenada revolution 1979-1983**

Edited by Bruce Marcus and Michael Taber

London: Pathfinder Press. 1983. 352pp. £4.95pb.

The killings of Maurice Bishop and a number of his closest friends and supporters and the subsequent US invasion of Grenada last year, destroyed the boldest experiment in revolutionary transformation ever attempted in the English-speaking Caribbean. Five recent publications provide a wealth of information about the Grenadian revolution and its international context, and enable us to understand why it came to such an untimely end.

The first book, *Grenada: the struggle against destabilisation*, appeared at the time of the US invasion and therefore does not contain an account of the downfall of the revolution. Written by Chris Searle, an English writer and schoolteacher who worked for the New Jewel Movement (NJM) for two years, the book is primarily a survey of the various methods used by Washington to destabilise the Grenadian revolution. It also explains the strategy and tactics

adopted by the Bishop regime to combat the US offensive, and as such presents Grenada as 'a casebook of destabilisation and a manual for fighting it'. One should, first of all, question the motives of the publishers in releasing a work just days after its main thesis was invalidated for all to see by international events. However, that is not my main concern. Of greater interest is the book's political message. Searle was a committed supporter of the Bishop regime and his study is an unabashed catalogue of NJM propaganda and should be judged as such. It is thus an accurate reflection of the NJM's politics. On the positive side, the book vividly captures the creative energy unleashed by the revolution, though there is far too much romanticism here and the material and cultural limitations of this creativity are nowhere discussed. As a whole, the book provides a good illustration of the immense ambition and internationalist spirit of the Grenadian experiment. The Grenadian revolutionaries were not content with having made a popular revolution, improving the living standards of their people and thwarting successive US attempts to destabilise their process. They also wished to assist other revolutionary movements around the world, and through Chris Searle sought to explain the strategy they had devised for countering destabilisation. In its description of this strategy, Searle's book enables us to comprehend why it failed. Essentially, the NJM had an authoritarian approach to the question of destabilisation. Believing that the most effective way of countering CIA subversion was to suppress all potential sources of opposition, no provision was made for pluralism in the party, the state or the media. Thus, when serious political differences arose in the NJM, the faction led by the Deputy Prime Minister, Bernard Coard, resorted to a politico-military *putsch*; and this prepared the way for the US invasion. The principal lesson to be drawn from this is that the suppression of opposition provides no real solution to the CIA. In fact, it appears that the CIA's strategy in Grenada all along was to exacerbate the authoritarian tendencies of the Bishop regime in order to provoke the type of confrontation which occurred in October 1983. Hence, Searle's book, while advancing a number of ideas that remain valid, puts forward a message that subsequent events has shown to be incorrect.

*Grenada: revolution, invasion and aftermath*, by Hugh O'Shaughnessy, is a very lively journalistic account of the rise and fall of the Bishop regime. While it provides an interesting portrait of Grenada's history, the book is mainly concerned with the crisis in the NJM and the US invasion. The main weakness of the book is that it does not attempt to analyse the social and economic policies of the Bishop regime, and this *lacuna* prevents O'Shaughnessy from making a balanced assessment of the Grenadian experiment as a whole. Justifiably horrified and indignant at the massacre of Bishop and his supporters, he tends to dismiss altogether the political project of revolutionary transformation in the Caribbean. Turning to the book's strengths, O'Shaughnessy provides a useful and balanced analysis of the international forces

involved in Grenada, and its first-hand account of the invasion is meticulous and gripping. He is also quite deft in exposing the lies told by the Reagan Administration to justify the invasion, and shows how Washington manipulated the Western media to provide a cover for its move. Considerable and illuminating detail is devoted to the party crisis. The main problem with O'Shaughnessy's discussion here is that he accepts the label of Leninism which the Coard faction used to legitimise its move against Bishop. He thus implies that it was the ideas of Lenin which led to the destruction of the revolution. Without going into a theoretical discussion of Leninism, it is evident from O'Shaughnessy's own evidence that the organisation of the NJM as a whole, and the Coard faction in particular, departed from Leninism in a number of fundamental ways. Whatever the problems are involved in Lenin's concept of a vanguard party the experience of Grenada does not throw any real light on the matter, since the NJM did not institute even the most elementary forms of Lenin's theory. To give just two examples: the NJM never held a party congress in its entire history, and members of the Central Committee were handpicked by Bernard Coard rather than elected by the rank and file. In any event, whatever one's position is on this question, O'Shaughnessy's book is essential reading for all those who wish to understand what went wrong in Grenada, and at £2.95 (paperback) it is extremely good value for money.

The third book, *The International Crisis in the Caribbean*, by Anthony Payne, provides an introduction to the international dimension of the current political crisis in the Caribbean. It gives a concise and balanced overview of the interests and respective roles being played in the region by the United States, Cuba, the European countries and the more powerful states of Latin America. Payne's treatment of Cuban policy in the Caribbean is particularly welcome, as it carefully explains the nature of Cuba's relationship with the Soviet Union, the economic and military limitations of Cuban involvement, and the true intentions of the Castro leadership in the region. The Reagan Administration's depiction of Cuba as a 'cat's paw' of the Soviet Union and an 'exporter of revolution' are thoroughly exposed. However, the concluding chapter of the book is somewhat simplistic and naive. Payne correctly states that the United States is 'the prime determinant of the character of international relations in the Caribbean', and goes on to argue that the hawkish policies of the Reagan Administration are heightening tension in the region. He suggests that if the US government pursued more enlightened policies then this could 'bring the international crisis of the Caribbean to an end'. In putting forward this view, Payne contradicts the analysis which he himself makes of the causes of insecurity and unrest in the region. According to Payne, the current turmoil in the region has its roots in underdevelopment, inequalities of income and housing, corruption and poverty. It is these factors which gave rise to the radical developments of the 1970s, which in turn led to the rightward and belligerent evolution of US foreign policy. It is Washington's inability to find a

lasting solution to the social and economic crisis facing many countries in the Caribbean basin which has led the State Department to embark upon a militarisation of the region. Washington intends to maintain stability by force. To suggest, as Payne does, that US interests could be better protected by a policy of 'measured restraint', is to greatly underestimate the depth of the crisis facing many countries. The US invasion of Grenada, which is given a cursory treatment in the epilogue at the end of the book, shows the extent to which the Reagan Administration is prepared to go in order to assert US hegemony. While it is highly unlikely that the present US stance will bring lasting stability to the region, the situation has become far too radicalised for Washington to contemplate a return to the 'softly, softly' approach of the Carter Administration.

To sum up, then, Payne's book is a useful introduction to the political situation in the Caribbean but is vitiated by its failure to explain adequately the high stakes that are involved in the present dispute. Moreover, at £14.95 (hardback) the book is far too expensive when one considers that there are more substantive works available on the subject at a cheaper price.

Anthony Payne collaborated with Paul Sutton and Tony Thorndike to produce *Grenada: revolution and invasion*, the fourth book under review. The analysis of the international dimension of the Grenadian crisis in this book draws heavily on Payne's earlier study. Payne, Sutton and Thorndike's account of the rise and fall of the Bishop regime is not as detailed as that of O'Shaughnessy, but is more academic and analytical. The book makes a fair assessment of the social and economic policies of the Bishop regime and records the significant achievements made against considerable odds. There are short accounts of United States and Cuban policy in the region, but nothing that is original is said here. Of more interest is the analysis of the impact of the Grenadian revolution on the Caribbean Community (CARICOM). Payne, Sutton and Thorndike provide careful documentation of the crisis in the NJM, the US invasion and the first few weeks of the post-revolutionary administration. The main strength of the book, where it surpasses that of O'Shaughnessy, lies in its evaluation of the significance of events in Grenada. The authors write: 'Both in the manner of its coming and in the way of its going, the Grenadian revolution has profoundly unsettled the Caribbean region, leaving behind a sense, almost tangible in its intensity, that from now on things will never be quite the same again'. This is indisputable. Payne, Sutton and Thorndike also present a brief discussion of the theory of non-capitalist development, the strategy of revolutionary change adopted by the Bishop regime. In reviewing some of the literature on this question they correctly identify certain contradictions in their theory which help to explain the events of October 1983. The authors' assessment of the Grenadian revolution as an exceptional occurrence in contemporary Caribbean politics should also be given careful consideration. Finally, the biggest problem about the book is its price. At

£17.95 (hardback) it is hardly worth it when O'Shaughnessy's book covers nearly all the same ground in much greater detail, and a book recently published by Latin America Bureau on the subject is also competitively priced.

The fifth book, *Maurice Bishop Speaks: the Grenada revolution 1979-83*, is a collection of some of the most important speeches and interviews given by Bishop during the four-and-a-half years of the revolution. It is an important record of the Bishop regime's policies on a range of central issues. Because Bishop used public speeches as a means of educating the Grenadian 'masses', the book also provides a wealth of information and gives an insight into the rapport which Bishop had with his people.

In his introduction to the book, Steve Clarke puts forward the Cuban position on the downfall of the revolution, which places emphasis on the bureaucratic and 'Pol Pot features' of the Coard faction. This explanation, however, does not attach sufficient weight to the authoritarian tendencies in existence under Bishop. Of course, this does not detract from the utility of the book.

## Central American Blueprints

*James Dunkerley*

**The Report of the President's National Bipartisan Commission on Central America**

New York: Macmillan. 1984. 158pp. £5.95pb

**Changing Course: blueprint for peace in Central America and the Caribbean**  
Policy Alternatives for the Caribbean and Central America (PACCA)

Washington DC: Institute for Policy Studies. 1984. 112pp. \$5.00

**The Miami Report: recommendations on United States policy toward Latin America and the Caribbean**

The Miami Report Steering Committee

Miami. 1984. 105pp. \$4.00

**Kissinger's Kingdom: a counter-report on Central America**

Stuart Holland and Donald Anderson

Nottingham, England: Spokesman Books. 1984. 73pp. £2.95pb

According to the authors of *Changing Course*, 'The Kissinger Commission's



Report proceeds from a commendable statement of principles to a disastrous recommendation of policies'. It should, perhaps, be added that the principles—peace, economic development, reallocation of wealth and the establishment of democratic societies etc.—are so uncontestable and unremarkable that they would only merit commendation if linked to substantive policies that approximated to them. Dr Kissinger's Commission, which was given such extensive attention and afforded every plaudit by the Reagan Administration as well as a significant portion of Congress, has signally failed to make such a link. Having read the opening passages of worthy intentions, it is almost a surreal experience to move on to the main text, which contains a recipe for Central America that roundly reaffirms the Reagan view of Soviet conspiracy, urges exponential growth of military aid, pointedly sustains the possibility of direct intervention, and dully makes recourse to a reheated Alliance for Progress programme of expanded capital investment—much of it private—to reactivate economic structures that are the central cause of the present socioeconomic collapse and bloody political conflict.

Dr Kissinger's personal wish, in an appended note, 'that neither the Congress nor the Executive Branch interpret conditionality in a manner that leads to a Marxist-Leninist victory in El Salvador, thereby damaging vital American interests and risking a larger war', unequivocally endorses the view that the enemy is clearly identified and must be vanquished by force of arms and at any cost, including the respect of human rights and—at a slight remove—resuscitating the spectre of Vietnam. A separate note, by Mayor Henry Cisneros of San Antonio, to the effect that CIA support for the Contras fighting the FSLN government in Nicaragua be terminated if only to deny the Sandinistas the opportunity of retrenching into a form of war communism, is markedly more prescient and qualitatively closer to the objective of obtaining peace. Yet, this remained a minority view and, as events have vividly demonstrated, had no impact.

The findings of the Commission cannot be seen as surprising. In all probability they are only a disappointment for those who believed that the Democratic Party possessed a coherent Central American policy, that it ran counter to that of the Administration, and that it could, therefore, be expected to exercise some influence in a 'bipartisan' body. The tenor of the document, on the other hand, is quite remarkable in its cavalier use of logic, readiness to employ bland assertion in areas of extreme controversy, and its extraordinary lack of genuine curiosity. One passage relating to the historical background is particularly puerile, coming as it does from such an august and powerful body: 'Perhaps the United States should have paid more attention to Central America earlier. Perhaps over the years we should have intervened less, or intervened more, or intervened differently . . .' This example is, however, indicative of the general approach the Commission has taken.

The report constantly refers to the need to reduce the level of conflict in

Central America but equally insistently urges increased US military involvement: 'a military stalemate . . . would inhibit the prospects for a political solution'; 'a successful counter-insurgency . . . is a necessary condition for a political solution'; 'if reforms are to be effective . . . the security situation must be improved dramatically'. At the same time, the proposals put forward by the Salvadorean FDR and the FSLN are summarily referred to and then rejected as 'not . . . sensible or fair' although they have the support of the Contadora 'group of nations (Mexico, Venezuela, Panama and Colombia). This is quite consonant with the declaration that 'the efforts of the Nicaraguan insurgents (Contras) represent one of the incentives working in favour of a negotiated settlement'. There is no need to make a detailed survey of the various flashpoints and general crisis in the region to sustain the view that such a course of action could only plausibly obtain peace at the end of a prolonged and indescribably destructive period of direct US military intervention. Even if such a scenario transpired—and much of the commonsense logic employed to rebut it withered away on the dawn of the invasion of Grenada—the possibility of an enduring peaceful resolution must be adjudged as absolutely minimal.

On the economic front the Commission proposes the disbursement of US aid of some \$8 billion for 1985–90 and external financing support of \$24 billion. Even if such sums were forthcoming in the present climate of massive budget deficits and rising interest rates, they would be allocated primarily to balance-of-payments support and with the aim of watering down the impact of deflationary policies rather than underpinning changes in the productive structure. Capital investment is obviously essential, but to suppose that private business will readily provide \$6 billion in the present circumstances of capital flight and the breakdown of infrastructure and confidence is little short of a simple idiocy. It is equally questionable whether direct private inputs are consonant with the type of fiscal and agrarian reforms gestured at here since, if they were authentic, these would not have as their priority the maximisation of profits or the short-term expansion of the market for international corporations. Yet, while it has received more attention than the proposals for the military sphere, the economic side of the commission's report is markedly abstract and already seems to have been rendered a dead letter. The Kissinger Commission has produced nothing new. It has simply restated the Reagan Administration's policy in less vehement language and with a veneer of objectivity; in this respect it is both moribund and highly dangerous.

Although PACCA's *Changing Course* was drafted before Kissinger reported, its findings could easily be the considered radical response. This document, which is produced by radical US intellectuals in collaboration with Nicaraguan government advisers, is altogether more painstaking in its assessment of the balance of forces and impediments to peace; it is also considerably more interesting to read. It advocates the cessation of aid to the Contras, authentic support for the Contadora peace initiatives, cessation of US

military aid to the government of El Salvador, withdrawal from the many new bases in Honduras, the isolation of the brutal military regime in Guatemala, guarantees for the continued neutrality of Costa Rica, and restoration of diplomatic and economic links with Cuba. On the economic front it proposes the channelling of US aid directly to low-income groups and grassroots organisations, a liberalisation of trade, and a complete renegotiation of the external debt. In short, it urges a wholesale reversal of existing US policies. One can easily object that this is utterly utopian, but it remains a view that has passionate and widespread support in the region and beyond. In the course of the last year some or all of these proposals have been advocated by almost every government in Latin America, often in harness. Thus, to dub such a critique of Washington's policy as merely an insurgents' tract is dangerous ingenuity. The key issue is whether application of such a critique would really damage US interests since even though the military situation would simply be put back to that prevailing at the end of 1979—a telling indication of the extent of Carter's and Reagan's activity thereafter—it is clearly predicated on the understanding that the FSLN would continue to remain the most powerful force in Nicaragua and that, by all reasonable expectations, the FDR would become so in El Salvador. There is nothing in the activity or statements of either body over the last year that would suggest the imminence or even the possibility of the creation of a Soviet zone. Yet it is equally clear that Central America would cease to be a profit-orientated and politically pliable background. To seek such a situation is, without doubt, to take a view on domestic politics in the US and the authors of *Changing Course* do so in an implied but muscular fashion, stipulating a broadly social-democratic reorientation of foreign policy. Whatever the problems of this approach, and they are many, PACCA's document has a great deal to commend it and deserves a wide audience.

Stuart Holland and Donald Anderson have produced a sharp, incisive report of their short trip to Central America in December 1983; they come down very much along the lines of PACCA. Lacking detailed knowledge, great power or intellectual pretensions, their depiction of the state of play in Nicaragua, Honduras and El Salvador is engagingly direct and amply-provided with first-hand illustrations of general points. This is a pungent but very fair exposition of the partisan truisms produced by Kissinger. Distinct in tone from the other publications under review here because it is produced by practising politicians and Europeans, this 'counter-report' is also a welcome indication of the growing concern in the British Labour Party about Central America. One hopes, therefore, that the 'Atlanticist' pressure that predictably will be brought to bear will not neuter its support for national liberation and sovereignty and the introduction of profound social change. *The Miami Report*, produced by a combination of local banks, businesses and academics, pitches its assessment very close to that of Kissinger. Although more instructive on the nature of the

economic crisis and mildly dissident on debt negotiation, this text signally fails to stipulate change in military policy. It is a document that is almost entirely composed of principles, restating the objectives of the Alliance for Progress with an earnestness that challenges the imagination in its supposition that nothing has happened over the last twenty years.

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**Torture in the Eighties**

Amnesty International

Oxford, Martin Robertson. 1984. 263pp. £4.95pb

A report on torture extending over 260 pages, published by the major human rights organisation Amnesty International, winners of the Nobel Peace Prize (1977) and the UN Human Rights Prize (1978) is clearly not just a polemical tract. This is a work of major importance, with a high educational value to the public and a high embarrassment coefficient for governments. It is an indispensable work of reference for those who value objectivity and a valuable campaigning tool for human rights activists.

Torture has been alleged, according to the report, in almost 100 countries in the first four years of this decade. This, in itself, justifies talk of torture reaching epidemic proportions and shows the importance of Amnesty's renewed campaigning focus on torture.

The report is well thought out and clear. The first part is an overview on torture—what preconditions make torture more likely, and the moral argument against it. The report then looks at definitions—in the attempt to provide legal safeguards, precision is necessary. It then moves on to describe the types of action possible against torture—by individuals and their families, by national pressure groups, by intergovernmental organisations, and then by international nongovernmental organisations. The next chapter, case studies of Northern Ireland and Brazil, where public pressure has had considerable success in the campaign against torture, is, in my opinion, the most encouraging and interesting section of the book. The following two chapters are on safeguards and remedies, and, finally, the evidence for torture. The next major section is a country-by-country and blow-by-blow global survey. In the final twenty pages, Amnesty outlines a twelve-point programme for the elimination of torture, and gives supporting documentation from the United Nations and other international codes of conduct.

My only serious criticism of the report is, in a curious way, a function of its objectivity and its sharp focus on one aspect of the violation of human rights. The focus on one human rights abuse, namely torture, could easily lead to a form of Western self-righteousness. The Third World countries are amply represented, Eastern Europe is also present—most notably through psychiatric abuse in the Soviet Union. The positive and meticulous tone of the report mentions factors such as security strategy (p 4), the fight against guerrillas (p 5), intimidation of rural populations (p 6) and so on. Poverty is never mentioned as a factor which makes a government more likely to resort to brutal tactics. Of course, to mention this would require an analysis—an attempt to answer the question 'Why are some nations poor?' This answer, of necessity, would

involve some kind of taking of sides—Amnesty's famous impartiality and balance would be threatened. But as it is, does not the report still create an odd impression? The Western reader could be forgiven for feeling that all is well here—except for the bad experience of Northern Ireland (chapter 5)—but even here the message could either be understood as 'be vigilant, democracy and freedom from torture are fragile' or 'look how robust our democracy is, we succeeded in eradicating torture'. Instead of the complications of any exploration of the affinity between poverty in a country and the incidence of torture, the subject is glossed over without a word.

Of course, the relationship is not simple. Hitler's Germany and Stalin's Soviet Union were not poor—and they certainly come off badly in a run-down of governments with skeletons in the cupboard. Nor is it a Left–Right split. But surely one must go further than this report, which, I feel stops at a second level of analysis. Symptoms such as military dictatorship or military involvement in government, doctrines of national security, emergency legislation, lack of an independent judiciary, lack of press freedom, lack of the right of free assembly are all mentioned, but again with no attempt to get behind these 'pre-conditions' to analyse by what political process they occurred. So, the very strength of the analysis, the full picture from Northern Ireland to the USSR, from Ethiopia to South Africa is left compiled and juxtaposed. For the sake of completeness this is a virtue, and much better than any simplistic left- or right-wing theory which tried to show that Right—or Left—wing governments are abominable and that the evidence against 'your' side was really not so bad. But in the process, a rather static picture emerges.

Having said this, this is an important study, precisely because it sets these major abuses against the framework of the international human rights standards which allow no excuses—either national emergency nor war can be used as a mitigating excuse for torture. Amnesty's report catches many offenders in the net—its comprehensiveness is its strength. There is no excuse for torture and no justification, but at the same time, as the Third World countries continue to suffer the economic domination of the rich, I fear there is little prospect for the eradication of torture without a redistribution of the world's resources, between and within nations. Rich countries have tortured and some continue to do so—but I would suggest that poverty increases the likelihood of types of government which are likely to use torture as a policy. But just getting richer does not guarantee that a country will stop using torture. A richer *apartheid* South Africa may well still have to resort to torture and intimidation to keep its *apartheid* structures in place—the richer the white population gets, the keener the sense of deprivation among the black population is likely to be and the harsher the means of repression required to keep them down.

The Amnesty report does not investigate such relationships—which would lead to interpretations based on social, political and economic analysis. Its more positivistic accumulation of facts has an important place, not least because of its comprehensiveness, but it does show **how much** work needs to be done in the understanding of the forces which lead to torture and the difficulty of its eradication.

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**The Political Economy of Nationalism**

Dudley Seers

Oxford: Oxford University Press. 1983. 218pp. £15.00. £6.95pb

The political and sociological foundations of nationalism in the post-war world have attracted much greater academic notice than its economic foundation. In the post-colonial era, the study of nationalism in the new states has departed from its nineteenth-century European moorings even although a majority of former colonies of Asia and Africa have graduated, since independence, from a colonial to a neo-colonial status. The few countries in which the movement for national independence developed into a struggle for national liberation—because the forces of imperialism (led by the US) would not tolerate the idea of potential new markets becoming economically self-reliant and therefore detached from the Western economies—have demonstrated that neo-colonial tutelage need not follow political independence.

In the aftermath of World War II, the emergence of the Soviet Union as a superpower and China as a big Third World power in the 'socialist sphere', and the contradiction between them, have tended to complicate the path of a number of national liberation movements—especially those forged since the conclusion of the American war in Indo-China. The political atmosphere in which the fight against US imperialism in Central America is taking place today is such as to render the Soviet and Chinese factors irrelevant while bringing into focus the major contradiction between the forces of imperialism and the forces of national liberation.

At the same time, major socialist states such as the Soviet Union and China and regionally powerful socialist states such as Vietnam have developed a geopolitical interest in increasing their 'room for manoeuvre' and expanding their sphere of influence by seeking to interfere in the domestic political developments of strategically important neighbours (eg. Afghanistan and Kampuchea). Political forces opposed to such intervention are provided by the US and its allies in the region with the military help and hospitality needed for destabilising the new regimes that are dependent on the economic and military support of the Soviet Union (or for that matter China or Vietnam). Attempts at exclusion of one superpower by the other in third areas of the world have, during the last fifteen years, been compounded by Sino-Soviet enmity into attempts at exclusion of two big powers by the third.

The main change that the world has witnessed during the last quarter of a century is the radical shift of the centre of gravity of world politics away from Western Europe (and the former metropolitan powers) to the Third World, and their relations with the two superpowers, with the strategy of national liberation being adapted to suit the social, political, and economic conditions of countries which have to bear the brunt of imperialism and its local allies

At the same time, Europe has also to adapt itself to these changes by seeking ways and means of shoring up its strength, increasing its room for manoeuvre *vis-à-vis* American imperialism and Soviet superpower, and altering its 'terms of trade' with a fast changing Third World to take account of new political conditions.

In order to understand the dynamics of such far-reaching changes and place them in perspective, new analytical approaches are needed. Dudley Seers, who died in March 1983 after completing the manuscript of the book under review, was a perceptive student of economics with usually sensitive antennae to pick up the political waves

underlying the various economic theories, programmes, and plans which have been tried in different parts of the world.

As a young man he was a committed Bevanite in British politics—a social democrat (of the parliamentary socialist and not the SDP ilk) with a pragmatic inclination, rooted in the problems of post-war Britain. His major contributions were, however, in the field of economic development of poor countries and former colonies where he gained a great deal of practical experience which tempered the theoretical understanding of his undoubtedly rich, original, and iconoclastic mind.

Throughout his career Seers never lost hold of his anchor in Western Europe (and Britain in particular) and the inter-relationship between the changes taking place in Third World countries on the one hand and on the other hand those taking place in Europe. His understanding of Europe was as highly sophisticated as his experience of the Third World was varied, and the intermingling of the two resulted in a new perspective of Europe's future which constitutes the main (and most original) theme of this book.

But he arrives at this theme by taking a long and interesting route, the starting-point of which consists of his view of nationalism as a new dynamic force in the post-war world and internationalism (especially as understood in Europe and the US) as outmoded political currency which was rapidly declining into disuse. In fact, Seers goes so far as to say that a combination of nationalism (which he interchangeably uses with 'patriotism') and (economic and financial) pragmatism held the key to progress and a maximisation of the influence of any country (or region).

And, he has separated (not entirely convincingly) nationalism on the one hand from Marxism and on the other from neo-classical economics whilst clubbing the latter two together as essentially Western orientations of thought and alien forms of politics even when internalised by the nationalist elites. In a strikingly original classification of the different orientations to the world in the spaces provided by taking as abscissae the axes linking egalitarianism to anti-egalitarianism and nationalist to anti-nationalist ideology, he sets up four broad categories of political thinking prevailing in the contemporary world—'Marxist socialist'; 'Dependency theorists, populists and neo-Marxists'; 'Traditional Conservatives, fascists'; and 'Neo-classical liberals' (pp 46–8).

The first two chapters setting the scene are followed by chapters 3–5 which deal with economic and political realities that act as constraints on nationalism. He was always conscious of the difference between what governments promise or *should* do and what governments *can* in fact do. He explores the different dimensions and parameters of this consciousness by identifying the different determinants of 'the room for manoeuvre' which nations have. These are discussed in the book under the heads of economic, political, social and demographic realities as well as under the rubric of resources and technology. Seers is at his most original in his treatment of the constraining effects of resources and technology on nationalism. Here, again, the political economy of nationalism is broken down in terms of three key inputs—oils, cereals and technology—and nations are classified (according to whether they are self-sufficient or over-abundant or deficient in them) into least dependent, moderately dependent, heavily dependent, and most dependent (pp 81–3).

The third section (chapters 6–9) is far more 'operational' than the first two sections. It deals with the political chemistry of national development strategies, the main thrust of the analysis being directed to exposing the highly derivative (and therefore irrelevant to

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popular needs) character of the plans and development programmes of Right-wing regimes and the impractical and financially irresponsible character of Left-wing regimes.

Whilst advocating prudence and caution, Seers seems to espouse the view (indirectly if not directly) that success is the only yardstick by which progressive governments can and should be measured, irrespective of the intractable obstacles that imperialism places in their way. Thus, Chile under the Partido Democracia Christiana (PDC) receives a thrashing in identical language in two different places (p 95 and p 113), whereas the anti-imperialist as well as progressive Unidad Popular regime under Salvador Allende comes in for even harsher criticism. The tendency on Seers' part to equate the Soviet Union with the US and to set great store by what he saw as convergence between different systems underlies his relativist approach to political economy which is unfortunate.

Chapters 10-12 which constitute the section on 'extended nationalism' are specifically addressed to Europe. Even although Seers places high hopes in the future integration of Western Europe (ie, 'The Ten') with Southern Europe (ie, 'The Twelve') and eventually Eastern Europe, he was aware of the difficulties facing Europe in its political journey from nation to region. He lays stress on the need for European countries to slough off the neo-colonial world order faster than they were able to disengage themselves from the colonial order and progress towards self-sufficiency, a self-reliant and diversified economy, and peace in a world which is riven by the contradiction between the two superpowers.

Seers advocates the use of scarce resources for integrating poorer parts of Europe (Southern Europe initially and Eastern Europe eventually) fully into the European regional system rather than in the form of 'aid' to less developed areas of Europe, much less to the newly industrialised countries (NICs). The dream of a future Europe with a much greater 'room to manoeuvre' through political integration is not easy to realise, but Seers was perhaps right to point out that it is the only way in which former metropolitan powers can salvage otherwise the inescapable loss of influence and initiative in a radically changed world.

Despite the fact that its ambitious scope has not been matched by a rigorous working out of its main hypotheses, this book is full of wisdom and good sense which all serious students of international relations, politics and economics ought to read.

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### **Nationalism in the Contemporary World: political and sociological perspectives**

T V Sathyamurthy

London: Frances Pinter. 1983. 246pp. £15.00

During the post-World War II era, up to the mid-1970s, the study of political change in developing countries was dominated by the functionalist paradigm of 'modernisation', first formulated by the political science following of Parsons, Merton and Levy. The main actors in the drama unfolded by this paradigm were the West, which provided the



initial exogenous impetus for change, and the 'new elites' of Africa and Asia, who formed the conduit of modernity and the leadership of the new states. Ideologies and political movements such as nationalism were regarded as symptoms of both the disintegration of tradition and of the emergence of modernity, providing a bridgehead for the often painful transition to homogenous, industrial societies. The key term in the armoury of 'modernisation theory' was 'nation-building': the institutionalisation of patterned conduct conducive to the creation of a 'national', participant and, preferably, democratic state of legally equal citizens sharing the same political culture. Conversely, the major stumbling-block in this drama was 'ethnicity' or 'tribalism', the product of 'primordial ties' of race, religion, language and ancestry which could, only with great difficulty, be absorbed into broader political frameworks.

Dr Sathyamurthy sets his face against this paradigm and aims to explain the dynamics of political change in developing countries, and especially of 'nationalism', within a much broader context of mass-mobilising social change in Asia and Africa. Modernisation approaches are rightly criticised for their ethnocentric bias, which ignores the strong autochthonous roots of anti-colonial nationalism and which insist on measuring the 'performance of political functions by political structures' (p 15). Such approaches also fail to grasp the constant interpenetration of the 'traditional' and the 'modern', or to avoid the circularity of reasoning in which no movement 'can be called "nationalist" until there is evidence of modernity, though, often, the major evidence of modernity may well be in the appearance of nationalism' (p 16). And, finally, modernisation theory has consistently failed to accord sufficient weight to the dynamics of colonialism, which form the matrix of most post-war nationalisms.

Dr Sathyamurthy turns, instead, to the more promising traditions of academic Marxism and political anthropology, to uncover the motive forces of nationalism at grassroots level in the colonial situation. His definition of 'nationalism' would include, not just urban elite movements, but also 'traditionalist' rural and peasant resistance to foreign rule, however fragmented and localised (p 36). In practice, nationalism derives much of its meaning from such local situations with their specific constellations of economic interests, and it is these interests which provide the key to understanding the dynamics of particular nationalisms.

There is also, however, a global and regional level, which allows one to compare nationalist movements in different areas. At these levels nationalism operates in a world divided into rival power blocs, and torn by contradictions between imperialism and the forces of national liberation in the South. As important are the conflicts between national liberation movements and 'the indigenous political forces which have inherited the colonial state after independence' (p 58), and which, for example, are so obvious within Arab nationalisms (pp 68-9).

Moving between the local and global levels, Dr Sathyamurthy provides an often subtle analysis of the shifting and complex forces at work in a number of African and Asian 'nationalisms'—including Biafra and Bangladesh, Uganda, Burma and India—before concluding with a brief study of Scottish nationalism, arguing that technology and the coercive apparatus of highly centralised states tends to preclude cultural minorities from developing effective forces of nationalism because of their small size and the material loss consequent on their political success.

Dr Sathyamurthy's positions are often forcefully argued and serve as a valuable critique of earlier trends in political science, revealing the restricted nature of

modernisation discourse. At the same time, by stretching the concept of 'nationalism' to the extent of including every manifestation of anti-Western (or anti-foreign) sentiment and action, there is an inevitable loss of clarity of focus. Are we really to conclude that so-called movements of 'primary resistance' to foreign or colonial intrusion are of the same genus as the (usually later) party movements of urban intelligentsias? Of course, there is some continuity here; but is it sufficient to justify us in using the same concept to cover such disparate sentiments and activities? Did the early 'tribal', chiefly or peasant movements want to construct a 'nation'? If not, are we justified in designating such movements as 'nationalist'?

Dr Sathyamurthy has been much influenced by the methodology of Marxism and the substantive contributions of political anthropology in particular cases, but here again, the 'instrumentalism' to which such approaches are liable, leaves some questions unexplained. While this dual approach produces some useful comparisons between three current 'nationalist' conflicts in the Falklands/Isas Malvinas, the Iraq-Iran and the Israeli-Palestinian conflicts, it fails to tell us why so much commitment is generated on either side, why the conflicts should appear where and when they did, and above all why they take the forms (quest for independent *nation*-state or part thereof) they do. Similarly with his interpretation of the rise of Pakistani nationalism going back to Sayyid Ahmad Khan's Aligarh movement and the rival Deoband movement. Dr Sathyamurthy's complex analysis is at its best charting the rivalries and contradictions within such nationalisms, especially between the elites and the masses led by traditionalists; but it also concentrates on small groups of politically conscious and active 'leaderships' and it fails to tell us why they were able to evoke the 'national' sentiments so evident at different stages.

While there is no doubt that the combination of approaches favoured by Dr Sathyamurthy has brought in a rich yield of materials and understanding of many Third World nationalisms, these perspectives need to be supplemented by an equally pertinent analysis of the content and forms of the values, myths and historical memories which spur social groups to see themselves as actual or potential 'nations', ready to die, if necessary, for their traditions and freedoms.

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**The Faces of Power: constancy and change in United States foreign policy from Truman to Reagan**

Seyom Brown

New York: Columbia University Press. 1983. 688pp. \$45.50. \$16.00pb

Power (here defined as 'the ability to affect the condition or behaviour of something or someone') has many 'faces', according to Seyom Brown, Professor of Politics at Brandeis University, in this clearly-written account of American foreign policy since Franklin Roosevelt's death in 1945. Power is not force: 'the actual resort to physical force in order to exercise power is often a sign of powerlessness in other means of influence'. The 'faces' of power are, therefore, force *plus* all the other 'means of influence', economic, moral, psychological and so on, available to the policymaker for

recruiting support for his policies. Hence, to understand American, or any other, foreign policy, we must know the 'premises' about power—what it is, what it can do, how it is gained—which dominate the policymaker's mind. That is the main theme of this book, first published in 1968 and now brought up to date.

In fact, the book is less an exposition of the premises of American policy under eight Administrations than a record of that policy, based for the most part on readily available published sources and adding little to the story we already know. There is hardly any fresh light thrown upon the Truman or Eisenhower years, the Cuban missile crisis in 1962, the 1963 Test Ban Treaty, Lyndon Johnson and Vietnam, Nixon and Kissinger, Ford, Jimmy Carter or Reagan. But was there really any coherent set of 'premises' behind American policy? Truman, Eisenhower, certainly Lyndon Johnson, seemed to operate on the basis of rule of thumb rather than premeditated assumptions. Kissinger, widely acclaimed as *the* 'philosopher' of international relations, was, as Professor Brown explains, inspired by little more than platitudes—about the need for 'equilibrium', 'international order', 'legitimacy'. A brilliant 'fixer', no doubt, but 'philosophy'? Ronald Reagan may be, as Brown maintains, the most 'ideological' President since the war, but the ideology seems to consist of a simple black-and-white picture of the world, with no resemblance to the great political belief systems of the past. It is not that Americans lack the conceptual ability to grasp the world they seek to control: perhaps it is that, with their obsessions about power, they demand to conceptualise something more instinctual than cerebral, more primitive than thought.

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**Dag Hammarskjöld Revisited: the United Nations Secretary-General as a force in world politics**

Edited by Robert S Jordan

Durham, North Carolina: Carolina Academic Press. 1983. 197pp. \$16.95

Secretary-General Dag Hammarskjöld died in the service of the United Nations in September 1961. This collection of useful, if slightly uneven, essays was commissioned for a conference in New York in 1981 which commemorated the 20th anniversary of his untimely death and attempted to assess various aspects of Hammarskjöld's career with the United Nations.

The contributors were Kurt Waldheim, who perceptively analyses Hammarskjöld's remarkable contribution to the development of the office of Secretary-General; James Barros, of the University of Toronto, who sensitively yet controversially evaluates the performances of the Secretaries-General of the League of Nations and the United Nations; Oscar Schachter, the former legal adviser to several Secretaries-General, who thoughtfully and skilfully explores the concept of a neutral international civil servant; Philippe de Seynes, a former Under-Secretary-General, who discusses Hammarskjöld's commitment to economic and social development; Inderjit Rikhye, the former military adviser to the Secretary-General, who provides a detailed account of peacekeeping during Hammarskjöld's incumbency; Mark W Zacker, of the University of British Columbia, who describes Hammarskjöld's evolving conception of the United Nations.

roles in world politics; Brian Urquhart, Hammarskjöld's biographer and currently Under-Secretary-General for Special Political Affairs, who briefly yet deftly discusses how the Swede's personality influenced his work as Secretary-General; and, finally, in an excellent bibliographical essay Larry Trachtenberg describes the wealth of material on the office of Secretary-General available in, and the conditions governing access to, the United Nations archives and personal papers of Dag Hammarskjöld and two of his close advisers Ralph Bunche and Andrew Cordier.

Two important conclusions can be drawn from these papers. The first is that Hammarskjöld had a major impact on the office of Secretary-General, particularly its peacekeeping activities, partly because of his exceptional talents and partly because of the political conditions during his tenure. The second is that many of the contributors do not regard the Secretary-General as either a force or a formidable institution in world politics. They draw attention to the weaknesses of an office in which the Secretary-General has few if any readily available resources, in which for most of the time he has to rely upon his constitutional powers, his integrity, intelligence, mental and physical stamina and his diplomatic, negotiating and persuasive skills to garner support and to influence states. Yet he still performs invaluable roles. He is the custodian of an international view in a world of selfish state interests, a confidant of governments, a provider of good offices, an international civil servant available for delegated tasks, and, if necessary, a mobiliser of international concern when he believes there are threats to world peace.

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### **Capital Goods Production in the Third World: an economic study of technology acquisition**

Daniel Chudnovsky, Masafumi Nagao, Staffan Jacobson

London: Frances Pinter. 1983. 232pp. £16.50

As the sub-title of this volume implies this is an attempt to document systematically and to analyse the process of technology acquisition in a number of less developed countries. The volume comprises two background chapters—one of which essentially establishes terms of reference, with the other focusing on alternative routes of entry into capital goods production—one chapter on the production of complex capital goods in Brazil, India and South Korea, one chapter concerning the production of complex capital goods in China, and an industry-specific chapter examining the entry of newly industrialising countries into the computerised numerically-controlled lathes industry.

Although the book is a synthesis of several UNCTAD studies the volume as a whole does not lack coherence. The two background chapters provide a solid foundation for the country studies and indeed the industry study. There are four countries examined in detail, although evidence from and references to work on other countries is liberally provided. The case studies themselves provide a great deal of detailed and useful statistical information, and are complemented by generally competent analysis. The fact that the four countries studied in detail have radically different socioeconomic structures adds an extra dimension to the analysis.

Given, however, the information to hand, one would have liked to have seen a more critical evaluation of the net benefits of the accumulation process. The authors are clearly impressed by the progress made in capital goods production in the countries concerned, and, furthermore, are convinced that the progress has more to do with government policies than market forces. This may very well be the case. It would have been interesting, however, to have learned more about the authors' views on the rationale behind policy, whether current policy creates much in the way of distortions, and the costs associated with the distortions. From the standpoint of evaluating a given development strategy these are important considerations and, except in the case of the analysis of China, are not given a high enough priority. Notwithstanding this, the volume provides rewarding reading for anyone interested in the process of technical acquisition in LDCs and is to be commended.

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### **Reality and Rhetoric: studies in the economics of development**

P T Bauer

London: Weidenfeld and Nicolson. 1984. 184pp. £11.95

This book was hailed by the Editor of *The Times* (9 February 1984) as 'full of original and profound work . . . implacable in its argument . . . devastating'. Others may feel that Lord Bauer's latest offering to the scholarly world is better summed up in the immortal lines of William McGonagall: 'across the electric wire the message came "He is no better; he is much the same"'. Far from being original, it has a relentless, depressing familiarity. This is both because many of the chapters have been published already in easily accessible sources and because much of the material is itself a reworking, with minor embellishments, of material from his previous books, particularly *Dissent on Development* (1972) and *Equality, the Third World and Economic Delusion* (1981). In his publishing habits, Bauer seems to be taking very much to heart his own opinion that 'effectiveness nowadays too often depends not on what is written or said, but on what is repeated and transmitted' (p 156).

Chapter 1 is more or less the sole exception to this habit of hypnotic repetition. It is original and illuminating. Written under the auspices of the World Bank, which is elsewhere attacked implacably for its patronage of academics (p 71), it is an uncharacteristically modest account of his contribution to development economics. Bauer identifies this as the close study of particular markets in Malaya and West Africa and of the developmental role of traders and entrepreneurs. One senses here a fascination with particular commercial forms that is not dissimilar to Braudel's in *The Wheels of Commerce*. But, like Braudel at the opposite end of the ideological rainbow, he lacks a firm structure of theory in which to locate his detailed insights. Perhaps that is the sense in which one should understand his reported apology: 'I am made out to be a controversialist, but I am really a scholar. I am an *historian*'. (*The Observer*, 25 March 1984, emphasis added)

To those who are more versed in Bauer's writings of his last twenty years than in those of his first twenty years, it must be startling to find him fervently quoting the French

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saying 'rien ne vit que par le detail' (p 15). His conception of what constitutes the enlivening detail, however, seems to have undergone a mid-life crisis. From the close observation and statistical detective work, brought to bear on relatively limited hypotheses, reported in Chapter 1, it appears to have degenerated into the idiosyncratic choice of newspaper cuttings, brought to bear on generalisations of very great breadth. This method is much in evidence in Chapter 4 in his evaluation of multilateral aid.

Bauer's own criticism of his early work is that it was a 'serious misjudgement' to fail to appreciate 'the pervasive significance of the politicisation of economic life' in less developed countries (p 18). Chapter 2 (on the market versus the state in development), Chapter 3 (on foreign aid and its iniquities), Chapters 6 and 8 (on the contribution of late colonialism in Africa to the politicisation of economic life) and Chapter 7 (a review of Kilby's 1969 book on industrialisation in Nigeria) are all designed, in one way or another, to compensate for this earlier perceived failure.

This is an important area of enquiry. But it is also a treacherous one for the person who is politically committed to the virtues of the traditional, minimalist scope of government. The danger is precisely that of the politicisation of economic studies. In Marshall's classic understatement, 'political influences on economic studies are not always wholesome'. The fact that these influences today work more through pro-market ideologues than through anti-market ideologues does not alter the centrality of Marshall's warning by one iota.

In contrast with the subdued Bauer of Chapter 1, in the rest of the book one finds much dogmatism and self-contradiction. With so many opinions on so many things and so little in the way of scientific control, this is only to be expected. By Chapter 5, Bauer is literally pontificating, a rather belated anti-pope to the social theory of Paul VI. Posing as the defender of 'the best elements in the Catholic tradition', he castigates those who have dared to use the Church to succour the poor and oppressed. He thus joins the chorus of anti-clericalism which is *de rigueur* these days in British right-wing 'philosophy' groups. But, as so often in this book, his criticism rebounds on its author: 'people who pronounce on matters about which they are ignorant are apt simply to absorb ideas propagated or taken up by other elite or establishment groups' (p 88).

JOHN TOYE

University College of Swansea

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**Human Rights and US Human Rights Policy: theoretical approaches and some perspectives on Latin America**

Edited by Howard J Wiarda

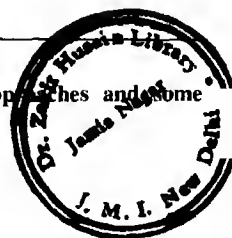
Washington DC: American Enterprise Institute. 1982. 96pp. np

**Human Rights and World Politics**

David P Forsythe

London: University of Nebraska Press. 1983. 309pp. £23.20. £6.80pb

The sub-title of the AEI book, *Theoretical Approaches and Some Perspectives on Latin America*, denotes that the seven essays single out Latin America for special focus of the



United States human rights policy. Most of the essays are critical of the Carter Administration's human rights policy, characterised as frequently fumbling, uninformed, undiscriminating and unsophisticated. Not all authors are in complete agreement with each other, but their perspectives are not too diverse from the common theme. Most of the essays have been published before but not in immediately accessible places.

United Nations Ambassador, Jeane Kirkpatrick, contributes two essays. In 'Dictatorships and Double Standards', we read the forceful and important statement which has shaped the Reagan Administration's foreign policy and here complements 'Establishing a Viable Human Rights Policy' with its positive advice. The editor's essay delves into the meaning of democracy and human rights in a Latin American context, and what their different conception means to a United States policy. Richard Schifter provides a succinct forceful statement on the commitment of the United States to human rights. Mark Falcoff explains the case involving Argentine newspaperman Jacobo Timerman from a projected Argentine context. Michael Novak's 1978 address, 'Human Rights and White Sepulchres' is reproduced to illustrate misconceptions concerning human rights. Edward Olsen completes this provocative collection with advice that seems to have infiltrated the present administration's approach on how to keep human rights alive and vigorous.

Professor Forsythe, in *Human Rights and World Politics*, has written an introduction to human rights for the undergraduate university student and the interested general reader. It is not a book for the specialist in law, politics or philosophy. In a witty, matter-of-fact style, he uses keen acumen drawn from a social science perspective salted with political realism to stir the reader. His familiarity with non-governmental organisations and their contribution to human rights and related role in world politics permeates the work.

His work begins with a survey of how we arrived at the present UN core of human rights law and why these norms will not disappear. 'Which norms have been implemented?', remains the crucial issue. Professor Forsythe next asks to what degree have human rights been protected in fact? His numerous examples demonstrate that most nations subscribe to double standards and that formal and informal implementation of human rights is still in its infancy outside Western Europe. Our attention is then turned to a comparison of the Democrat and Republican Administrations' rhetoric and realities in the United States, as regards foreign policies and human rights since the late 1970s. He explains the vicissitudes of American policy through the impact and influence of various lobbying nonprofit and for-profit interest groups.

Realistically, underlying political philosophies greatly shape views towards human rights, and he segments these philosophies into: conservatism, liberalism, communalism and the Third World *mélange* with an assessment of what each may bring. To conclude, he peers into what the future holds for human rights. He notes that they will eventually exert a lasting powerful influence in world politics. A commitment to human rights is foreseen as a necessity for governmental security. Assessment of human rights violations and strong monitoring bodies are the highest priorities for protecting human rights; it is in these contexts that the author's ingenuity comes to the forefront. His final plea is for non-governmental organisations concerned with human rights to have access to those international meetings where the rights are debated.

Basic reference sources on human rights and a short note on the author's

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methodology are set out in a bibliography. The Universal Declaration of Human Rights and the two International Covenants are also appended.

DANIEL TURACK

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### **Peacekeeping: appraisal and proposals**

Edited by Henry Wiseman

Oxford: Pergamon, 1983. 461pp. \$40.00

This book is divided into five parts. The first is introductory in character, chiefly offering a historical survey of peacekeeping operations. The second deals with national perspectives, with contributions on Israel, Egypt, and Canada (which attracts two chapters). The third part examines some operational matters, covering military and technological issues and also including a view from the UN Secretariat and an account of the training work of the International Peace Academy (the book's sponsor). The next part focuses on peacekeeping by regional bodies, surveying the activities of the Inter-American system and the Organisation of African Unity, and the experience of the International Commission of Control and Supervision in Vietnam which was set up in 1973. The last part looks to the future. All chapters are fully referenced and there is a valuable appendix giving basic information about thirteen UN peacekeeping operations.

Almost inevitably with a book of this nature, its sum is rather less than its constituent parts, and there is scope for some quibbling about the author's choice of topics. More substantially, it has to be said that the book is rarely of great intellectual interest. Most of the chapters are factual and descriptive in their orientation, a couple are very loosely organised, and those that look ahead are not over-imbued with realism or relevance. On the other hand, some chapters are very worthwhile. Rod Byers' examination of peacekeeping and Canadian defence policy is rather structurally indigestible, but is always scholarly and interesting. Brian Urquhart, writing from the UN's headquarters, is cool and sensible. Colonel J D Murray presents a well-researched piece on military aspects of peacekeeping, and David Cox's chapter on the Vietnam Commission is very clear and lively. It is also the case that as a whole the book contains many good points and is a wealth of useful information on its subject. As such it will be of considerable value to all students of peacekeeping.

ALAN JAMES

*University of Keele*

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### **Law of the Sea: US policy dilemma**

Edited by Bernard H. Oxman, David D Caron and Charles L O Buder

San Francisco: Institute for Contemporary Studies, 1983. 184pp. \$21.95. \$7.95pb

The adoption of the United Nations Convention on the Law of the Sea and its signing by the overwhelming majority of developed and developing, free-market and socialist



states opens a new chapter in the history of the Law of the Sea. No matter whether it will be ratified by the required number of states to enter into force—which is highly probable—the Convention has already triggered a number of trends and developments, so broad as to be irreversible.

Thus states, of all political systems and all stages of economic development, have begun to re-examine their marine interests and policies, make new laws, and build new infrastructure. It is as though the great international conference had spun off, in its wake, a whole series of little conferences on the Law of the Sea, at the internal policy level: a fascinating spectacle of osmosis, demonstrating the interaction between national and internal policies, between the whole and its parts.

The present situation in the United States fits into this general pattern. An impressive amount of soul-searching is going on in this attempt to shape a marine policy appropriate to American interests, ideals, and responsibilities. It is clear that Reagan's 'nyet' to the Law of the Sea may not be the final word of the United States.

The present volume is a vivid testimony to this situation. The ideologies professed or implied, are as diversified, and as intense, as those that had to be reconciled, in a decade and a half of hard labour, by the UN Conference on the Law of the Sea. And, just as was the case at this great conference, the real issues at stake far transcend the bounds of ocean space and the scope of the Law of the Sea. They are part—frequently the leading edge—of the whole *problematique* of our time. They go to the heart of the North-South dialogue. They concern world order, the nature of international law and organisation in our time and for the next century. On this, curiously enough, proponents and opponents of the Convention agree.

The volume under review is organised in four parts, followed by an appendix with a summary of the Law of the Sea Convention.

Part I presents a fairly objective exposition of the basic issues and an explanation of the organisation of the volume.

Part II offers a wide spectrum of views on the Convention as a whole. Arvid Pardo, the 'father' of the Convention—not an American, and rather misplaced in this context—maintains an ambiguous attitude towards his problem-child, Leigh Retiner, a Saul turned Paul; converted, is no less welcome for that, as he demonstrates, with his always penetrating intelligence that US nonparticipation in the regime established by the Convention is self-defeating and, most likely of short duration. Scott Burke and Frank Brokaw do an excellent job in identifying the enormous importance of the new Law of the Sea for the building of a New International Order—in order to reject both the New Order and the Law of the Sea. Robert A Goldwin offers his own interpretation of the concept of the Common Heritage of Mankind at a philosophical level while rejecting its legal and economic content.

Part III is devoted to sea-bed mining. Lance Antrim and James Sebenius, co-authors of the MIT cost model which played such a crucial role in the negotiations on Part XI of the Convention, maintain their conviction that ocean mining development would proceed more securely under the Convention regime than without or outside it, while Lewis Cohen finds that the institutional structure of the Authority in the Convention is fundamentally flawed, and alternative solutions are inevitable.

Part IV consists of two important essays in political science. Joseph Nye examines the reasons for the erosion of power to control outcomes in the international system as a whole and suggests there are lessons to learn from the US experience with the Law of the

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Sea Conference: 'A far-sighted definition of our interest in international regimes will be critical to our success in world politics. It is time that we paid more careful attention to how to pursue that interest'. Bernard Oxman, finally weighs the pros and cons of the Convention, and concludes:

When the work and hoopla of defining a national ocean policy are over and emotions have settled, it will be the task of the serious-minded to formulate and execute an international oceans strategy for the United States in a political and legal environment that is far from benign. That strategy will, as it must, include an effort to build common global understandings regarding the rules of the game. If not in form, then in fact, the point of departure will be the 1982 convention.

\* Oxman's annexed summary of the Convention is a most useful tool for classroom teaching and quick reference for the nonspecialist.

Well-written, well-organised, and widely representative, this volume presents a basic text, a 'must' for the student of international relations in the coming years.

ELISABETH MANN BORGESE

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### Industrialisation in the Non-Western World

Tom Kemp

London: Longman. 1983. 212pp. £5.50pb

This book follows two previous books on industrialisation; namely *Industrialisation in Nineteenth Century Europe* (Longman, 1969), and *Historical Patterns of Industrialisation* (Longman, 1978). This volume carries on the story into the twentieth century, linking the case studies of the earlier books and concentrating on the countries other than Western Europe and North America. This book is divided into nine chapters with the first giving a historical orientation of Western industrialisation. The author uses the historical approach and looks at six non-Western countries as case studies of industrial development, beginning with Japan, followed by the Soviet Union, India, China, Brazil and Nigeria. Each case study occupies one chapter. The author attempts to outline the historical cause, or lack of cause, of industrialisation in each case study. Before concluding, the author also gives a general picture of industrialisation in the developing countries.

In studying various industrialisation experiences, the author manages to isolate a few characteristics and repeatable features and argues that social, political and cultural arrangements differed in form, include the role of the state, the size and availability of market, structural change and reforms, the political history and the form of market structure, foreign aid and the activities of multinationals, industrial policies and the availability of resources.

With regard to the role of the state, different countries have different experiences. In Japan, the state has been guiding industrialisation, whereas in Brazil, India and Nigeria, the state since independence has been protecting the interest of both local elite and foreign interests. In the case of the USSR and China, the state has played a strong and positive role in promoting planned industrialisation, though their emphasis differed; the USSR concentrated on heavy industry and neglected consumer products. China took a different route since the 1960s and stressed decentralisation and mass participation. Of

equal importance, Japanese industrialisation puts great emphasis on raising domestic purchasing power and securing the home market, and much of their industrial products are imported. Structural reforms took place in both the USSR and China, but the former suppressed home consumption, while the latter emphasised rural consumption. Political independence occurred in India, Brazil and Nigeria, but their new leaders follow the steps of their former colonisers without any structural reforms. Japan has historically escaped any external control and colonial rule. Colonialisation has turned the economies of Brazil, India and Nigeria into primary producers with a focus on the supply of cheap materials to the world market. With the exception of China and the USSR, the other four economies have employed price as an economic indicator in industrial growth. All economies the author studied received and obtained foreign assistance either in the form of imitating technology (Japan), or financial aid (Brazil, India and Nigeria), or imported technology (China in the 1950s). Countries pursued different industrial policies too. For example, Brazil's import substitution, Nigeria's indigenisation, China's rural policies are all typical examples. Labour tends to be the main resource in these economies, but the use of it differed. India's caste system could be contrasted with China's rural development. Nigeria's oil revenue is significant but failed to make the economy independent. Furthermore, the author found that in some cases, such as Japan and China, industrialisation was an autonomous process, while in other cases, notably India and the USSR, it was an imported one.

The author also discusses the process of industrialisation in developing countries generally. With regard to the newly-industrialising countries, he notes that their success was due to their cheap labour supply and their products are marketable in the advanced countries, and concludes that there is no general pattern of industrialisation, nor will it reduce inequality in the world context. External constraints tend to be dominant in modern industrialisation.

The book is extremely readable and informative. It has given a good historical summary of industrial development in those countries. The author's methodology is to present each of the case studies individually, and cross-country comparisons do not receive attention. Though the author has given a comprehensive approach to the study, at times one finds the treatment of various factors is too brief. Nonetheless, the book does fulfill its objectives and is recommendable to both social and non-social scientists.

KUI WAI LI

*Lingnan College, Hong Kong*

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### **Nigerian Foreign Policy: alternative perceptions and projections**

Edited by Timothy M Shaw and Olajide Aluko

London: Macmillan, 1983. 257pp. £25.00

To many policymakers, businessmen and scholars, Nigeria remains a fascinating country despite its recent economic and political upheavals. The country's extensive oil and gas resources, and its large and diverse population, have made it an interesting case-study, not the least because it is one of the few viable states in Black Africa. Little wonder then that there is a ready market for the growing list of scholarly publications on the country, and *Nigerian Foreign Policy* is a worthy addition to that list.

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But the book is, in a sense, different from many of the existing works on Nigeria in that it does not merely analyse the domestic and external pressures on the country's behaviour; it presents two contrasting approaches to the study and understanding of Nigerian and, indeed, Third World states' foreign policies. The introductory and concluding chapters define the theoretical and ideological perspectives of the two contending foreign policy schools—the realists and the *dependentistas* (the dependency school).

The main concern of the realists is how to reform Nigeria's capitalist economy, to make it more efficient, and thereby increase its domestic affluence and external influence. They perceive the country as an independent actor, the natural leader of Africa, an advocate of regional integration and an arbiter in continental conflicts. In their works in Nigerian foreign policy, they employ theories and concepts which, in the view of radical analysts, are less applicable to Third World states than to the more advanced industrial countries. Thus, the main focus of the realists is on the state as the primary actor, its objectives and strategies.

Dependency scholars, on the other hand, assume that the state is only one of a multiplicity of, rather than, the primary actor(s) and that Nigeria, far from being an independent actor, is a dependency, a semi-peripheral state in a global economic system dominated by the core capitalists countries of the West. The major concern of these scholars is the political economy of the state, its contradictions and inequalities. They advocate the use of 'new' concepts and analytical tools which, they argue, are more appropriate to the condition of the less developed countries than orthodox theories.

In essence, then, this book presents an alternative to the existing (predominantly realist) perspective of Nigerian foreign policy. But it offers more to the reader than analytical constructs. Its eleven chapters, written by some of the leading Nigerian and Western scholars, provide a clear insight into Nigeria's changing foreign policy environment—especially the relationship between the rise and fall of the value of oil and the country's status and performance. Students, policy-analysts and business executives should all find the book useful as it contains a comprehensive bibliography on Nigeria.

ABIODUN SOTUNMBI

Keele

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### **Women of Africa: roots of oppression**

Maria Rosa Cutrufelli

London: Zed Press. 1983. 186 pp. £15.95. £5.95pb

A member of the Angolan women's organisation (OMA) told Maria Cutrufelli in 1976: 'If women stay at home, the revolution will not make a single step forward.' The intention of Cutrufelli's pioneering book is to show the changing social forces that have kept African women subordinate and 'at home'.

The book draws on a wide range of sources and discusses women throughout the continent. This is both its strength and its weakness. Three areas of women's oppression are examined: marriage and family relations in traditional society, women's labour in the post-colonial states, and demographic control. Many aspects of the complex relations between colonial and customary law, subsistence and capitalist production,

and various perspectives on control of fertility are explored, but each relation requires a book in itself, and the discussion is often tantalising in its brevity.

While the generalising approach has many advantages because it points out striking parallels, there are distinct disadvantages. Certain categories are used too uncritically. For example, there is considerable detail about prostitution, with the concluding comment: 'Either overtly or covertly prostitution is still the main, if not the only source of work for African women'. Given the large body of literature examining the concept of prostitution which has come to question it as a theoretical and descriptive category of women's work, I am uneasy with Cutrufelli's acceptance of research which has stereotyped African urban women as prostitutes.

The book quotes extensively from African women's poems, articles, songs and stories. This gives the text a vitality and an immediate concern with the conditions of women's lives. Its general conclusions throw up much to debate and it is bound to be a source book for ideas for much-needed further research.

ELAINE UNTERHALTER

*University of London*

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### **Mozambique: the revolution and its origins**

Barry Munslow

London: Longman. 1983. 195pp. £13.95 £5.95pb

This welcome study of modern Mozambique poses important questions concerning the relationship between Mozambique's political economy and the experience of African nationalism. Why was it necessary for Frelimo to fight a 10-year war before Portuguese colonialism would release its grip? Barry Munslow offers a direct explanation: Portugal did not decolonise because it could not neo-colonise. He emphasises the uniqueness of the Mozambican colonial experience since the economies of both colonised and coloniser were involved in relationships of dependence: Portugal's economic dependence on Britain having transformed the former into a virtual 'neo-colony'. Rather than being dominated solely by Portuguese colonialism, Mozambique instead became an integral part of an African regional sub-system centred on South Africa.

The book perceptively traces Frelimo's development, particularly through its analysis of the movement's periodic crises and conflicts. Munslow emphasises the significance of Frelimo's example for the rest of Africa, for relatively infrequently have nationalist parties resorted to armed struggle, and only rarely has armed struggle been transformed into a revolution. His description of the problems encountered by a revolutionary nationalist movement upon the acquisition of power is especially stimulating. Munslow acknowledges that bureaucratisation of the party and state has begun to affect Mozambique, but also stresses that countermeasures have been taken, firstly through the 'dynamising groups' and latterly through the *ofensiva*, a blitz against economic mismanagement and bureaucratic incompetence.

Munslow does not underestimate the internal and external difficulties Frelimo has faced since 1975—notably as a result of damaging Rhodesian raids against Zimbabwean guerrilla bases and the activities of the South African-backed National Resistance Movement. However, he perhaps tends to overstate Frelimo's achievements, especially

when considered alongside more recent events such as the appalling drought and the forced compromise with South Africa. Despite the book's brevity, Munslow provides a lucid and well-researched account of Frelimo's anti-colonial struggle and its subsequent efforts to build a socialist society.

TONY RICH

*University of Warwick*

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### **Modern Africa**

Basil Davidson

London: Longman. 1983. 234pp. £3.95pb

Few writers have done more to popularise the study of African history than Basil Davidson. In a long series of well-written books and articles stretching back to the 1950s, this British journalist and African scholar has lucidly recounted and analysed the story of African civilisations, past and present. Throughout, he has combined scrupulous scholarly synthesis with a strong commitment to the cause of African liberation and a felicitous prose style that makes his work accessible to a broad public. In *Modern Africa*, Davidson draws on his previous writings to provide students preparing for senior level examinations with a concise survey of twentieth-century African history.

The central theme of Davidson's account is the rise of African nationalism from its emergence under colonialism to its present struggles and uncertainties. He develops this theme by surveying major events and processes as they played themselves out in all parts of the continent. He begins by describing the partition of Africa by the imperialist powers and analysing the basic structures of the colonial political economy. Although he is careful to lay out the distinctive features of the policies and practices of the various colonial empires, his main emphasis is on the ways in which colonialism in all its forms functioned to make Africa a dependent periphery of the world capitalist system. At the same time, he shows how the actions of the colonisers created the conditions for the growth of nationalism first among African elite groups and eventually among broader segments of the population. In keeping with the prevailing consensus among historians, Davidson treats decolonisation as the result of the interaction between this rising African nationalism and the decline of the colonial powers under the impact of World War II and its aftermath.

In his discussion of post-colonial Africa, Davidson emphasises the struggles of African governments to break free of the colonial legacy and deal creatively with the problems of economic development and national integration. While he describes the failures and disappointments of the independence period, he doggedly insists on the gains accruing from decolonisation and the efforts of Africans to chart their own course in the modern world. This insistence is both the strength and weakness of the book. It provides a refreshing antidote to the hand-wringing despair and arrogant meanness characterising so much contemporary Western commentary on Africa. Yet at times it also leads Davidson to understate the problems facing African countries and underplay the degree to which some of Africa's current wounds must be seen as self-inflicted. Still, on balance, the book will render a useful service by making a new generation of students

aware of the central importance in modern African history of the quest for self-determination.

DAVID H GROFF

*Reed College, Portland, Oregon*

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**The Indian Ocean: region of conflict or zone of peace?**

Dieter Braun

London: C. Hurst. 1983. 228pp. £12.50

Despite the growing importance of the Indian Ocean world and the growing literature on the subject, many Western analysts remain sceptical about the meanings, significance and unity of the region. Braun is a specialist in South Asian and Indian Ocean topics and is associated with Stiftung Wissenschaft und Politik, the West German version of the Rand Corporation. His work is an excellent general introduction to Indian Ocean developments, particularly since the 1970s. The appearance of this work in German and English editions should put to rest doubts about the value of Indian Ocean studies.

Braun argues that since the 1970s the Indian Ocean and littoral states have begun to assume characteristics of a major political and strategic region. Two tendencies are stressed: the global strategy of the superpowers' impacts on the Indian Ocean region and secondly, the demand for an Indian Ocean zone of peace seeks to reduce the superpowers' presence. Superpowers' security policies have overtaken developmental concerns. He stresses the need to implement guidelines to reduce conflict and to encourage regional cooperation. He feels that superpowers' policies only partly relate to their mutual rivalry and partly they reflect other priorities. Overall, he sees a pattern of development whereby the USSR has gained a strong position in the northwest Indian Ocean and the Horn of Africa, while pro-Western states including China (PRC) have consolidated their position in the Pacific region.

The book's strength lies in the wide scope of coverage. Part I outlines the maritime, historical, demographic and communications characteristics and general trends in the sub-regions. Part II examines the superpowers' interests and methods of action, including attempted naval arms limitation (1977-8). The interests of outside states (Peoples Republic of China, Japan, UK, France and West Germany) are discussed here. Part III examines interactions between external and regional strategic interests in South East Asia, South Asia, Persian Gulf, the Red Sea/Horn of Africa, Eastern and Southern Africa and Western Indian Ocean islands.

Although the book is written with a cultural bias about the primacy of Western interests and the centrality of East-West relations in the world today, the work quite properly casts doubt on the utility of peace zone diplomacy and suggests that a variety of motivations account for regional conflicts. Braun predicts that the patterns of the 1970s will probably continue into the 1980s. This is debatable. Here one must wonder if new factors such as, Shia influence in the development of Middle Eastern security problems, the rise of middle powers, and perhaps even an emerging identity in strategic interests between the USSR and India with respect to South Asian problems in a futuristic crisis.

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could alter the pattern of power in the 'soft' South Asian/Gulf/Arabian sea sector of world politics.

ASHOK KAPUR

*University of Waterloo*

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### **Rice, Rivalry and Politics: managing Cambodian relief**

Linda Mason and Roger Brown

London: University of Notre Dame Press. 1983. 218pp. £15.00. £7.50pb

It was a rewarding experience to read this captivating and penetrating book. The background is that of Indochina and the aftermath of the Vietnam war with its consequences for Cambodia in the terrible onslaught of the Khmer Rouge, determined to kill all who might oppose them, and many others, followed by 'liberation' by Vietnam in 1979. Groups of (by then) Kampuchean refugees fled to the Thai border in search of safety and of food. Thailand admitted some of them and accepted, though not without backtracking at times, that international efforts should be mounted from her soil to provide the necessities of life. For outsiders, relying on contemporary newspaper accounts, it was difficult to understand what was happening. Help was available, or so it seemed, but somehow failed for much of the time to reach those in need. What really happened? In this account we have the answer in terms of political forces, the workings of human nature, and the effects of institutional frictions.

The political forces are clear enough in their broad outline. The key was held by Thailand. The Khmer Rouge forces had been forced back to the border with Thailand. They deserved no sympathy on humanitarian grounds but to the Thai government they were a potential cushion against colonialist Vietnamese aggression and, as such, to be sustained. They were also a dangerous force but unwelcome on Thai soil with the ever present threat of Vietnamese attack. They could, however, be supported directly by the provision of supplies, military or otherwise, to their centres of activity in Kampuchea or indirectly when they seized relief supplies intended for others.

The Vietnamese-backed Phnom Penh authorities were prepared to countenance a relief operation on the Kampuchea-Thailand border but only if assistance was also rendered to other parts of Kampuchea through Phnom Penh. Somehow in this tangled skein the relief agencies got to work and negotiated their way for an acceptable programme of relief.

The problems involved in distributing relief supplies were much less those of logistics than of organising people. First efforts were exploited by racketeers. Cruel and despotic robber barons grew rich on the spoils, traders seized goods to supply their markets, distributors imposed their cuts and the private armies flourished by overt theft. The counter to these diversions seemed to lie in direct distribution of rice and other relief goods. This in turn was easier said than done. Queues require organisation, the provision of crash barriers, the identification of individuals bent on rejoining the queue for a second or third handout, and protection of rations from predators. With careful organisation, direct distribution could be made to work with the help of local workers; without these things, it was a shambles.

Then there were the relief organisations, principally, in this instance, UNICEF, the



International Committee of the Red Cross (ICRC), the World Food Programme (WFP) and a number of voluntary agencies, each with their own responsibilities and administrative structures. The issue plaguing them was that much of the food found its way to the Khmer Rouge forces as Thailand wished, indeed ensured, but was this something that could be accepted by international relief organisations and particularly the ICRC with its traditional role of neutrality endangered by an uncomfortable and unaccustomed embroilment in the distribution of food rather than Red Cross supplies. The differences between the ICRC and the other agencies came to a head when it was hoped to end the need for a relief operation by helping to restore agricultural output by the provision of seed rice. ICRC was accused (p 122) of dragging its feet and, under the control of its headquarters in Geneva, refusing to countenance a big enough programme. In this respect, the Americans had the right idea: flood the market; waste and diversion were unavoidable but acceptable if the harvest could be restored. In spite of ICRC's reluctance, the operation worked well and the 'landbridge', an organised delivery system to the interior for which Robert Ashe had been the inspiration, worked well.

There is much to be learned from this moving story. Things sometimes went well but often badly. The relief operation was not without its dangers when it gave power to tyrants exploiting their fellow countrymen. Those engaged in it were greatly taxed by their endeavours but they will be pleased to reflect that their efforts helped many people in this disturbed part of the world.

J R PARKINSON

*University of Nottingham*

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### **Financial Institutions and Markets in the Far East**

Edited by Michael T Skully

London: Macmillan. 1982. 220pp. £20.00

The 1970s was a period of significant structural change in the financial markets of many Third World countries, reflected in the growing complexity and sophistication of their financial infrastructures. This book presents an account of these developments in a number of Far Eastern economies.

The text contains five individually authored chapters on China (M T Skully), Hong Kong (M T Skully), Japan (H Ishi), South Korea (S-W Nam and Y-C Park) and Taiwan (C H Laing and M T Skully). The treatment in each chapter is similar—an introductory description of the economy, and account of the institutional features of the financial sector, a brief analysis of the sector's performance, and, finally, some speculative comments on the likely direction of future developments.

A firmer editorial hand might have prevented some of the weaknesses of this book. In the main, the contributors restrict themselves to providing a descriptive account of the institutional features of the financial sector, and do not attempt to analyse the reasons for its rapid expansion. The relationship between the financial sector and the economic growth of the countries concerned is not considered in any detail. There are also a number of surprising omissions in the book's coverage. Singapore ought surely to have been included, as one of the most important and rapidly growing financial centres in the

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Far East. There is only passing reference to the significant developments in international financial markets which brought about closer linkages between individual national markets during the 1970s. It would also have been useful to have had a chapter containing an overview of the individual country studies, identifying common experiences and trends.

This book will be of interest to those seeking a descriptive account of the institutional features of the financial sector in the countries covered up to 1980. But the opportunity to provide an economic analysis and interpretation of one of the more important developments of the past decade has been missed.

COLIN KIRKPATRICK

*University of Manchester*

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### **Public Land Distribution in Saudi Arabia**

Hassan Hamza Hajrah

London: Longman. 1982. 280pp. £29.00

Saudi Arabia practises Islamic law as the basis of the country's legal code; accordingly, this book opens with a discussion of the Islamic principles of land ownership and utilisation. These principles include the provision that a community has user rights on the public lands around it of grazing, firewood and water. The private ownership of public land is contingent upon utilisation; and if land is not used for three years it returns to being public land. The use of land also takes into account the needs of the community.

The existing and potentially cultivatable lands in Saudi Arabia are small, isolated pockets scattered through the peninsula, where ground water is available. The gradual evolution of policies for distribution of this public land in these locations is discussed in detail; from the early days of the need to settle the warring nomadic tribes, to settlements created as a result of drought in the north of the Kingdom, and, finally, to the present phase of development of agricultural land as a basic resource as well as a means of undertaking regional development. At present, the government is spending very large sums of money and these can be seen as basic development costs. However, the central issue of the long-term continuing financial support required to make agriculture a commercially viable economic activity is sadly not taken up in the text.

A number of case studies are described in detail. The descriptions include choice of location, subsidies, water availability, soil conditions, agricultural support services and infrastructure requirements. These policies and practices of land distribution are compared with some other Muslim countries where, though the legal codes have similarities, their own history and power structure have produced very different results. These are contrasted with the Saudi attempt at gradual evolution made possible by the firm control and paternalistic approach adopted by the Kingdom.

The book contains a wealth of information largely collected from unpublished and usually unavailable government documents. As a director of Public Lands Management, Dr Hajrah has given a detailed account of the implementation of the Public Land Distribution Programme including instances where there are conflicts between the government policy and its implementation. The text includes descriptions of administrative linkages with the related ministries and departments and the needs and shortcom-

ings of the Public Lands Department. It also provides a useful insight into the workings of the government and the process of decisionmaking in Saudi Arabia.

SALEEM BUKHARI

*Haj Research Centre, Jeddah*

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### **Drawing the Line: the origin of the American containment policy in East Asia**

Robert M Blum

London: W W Norton. 1982. 273pp. £19.75

There may have been, and indeed still is, a great deal wrong with the United States' China policy. But only in America can the devastating critique of past failures come from a member of the Central Intelligence Agency. Robert Blum may be analysing the late 1940s' United States policy in East Asia, but he pulls no punches in demolishing his own employer's policy. Neither is his work merely of historical interest, for as the author acknowledges, the systemic problems hampering American policy have not been resolved.

Blum's success is across the board. Not only does he tell a compelling story in lucid prose, but he also weaves the complex cloth of Washington's factional and bureaucratic politics without losing the main threads of his argument. Two of these threads are especially colourful and previously neglected. First, as a staff member of the Senate Foreign Relations Committee, 1971-4, Blum is acutely aware of the role played by Congress in America's foreign-policy making. He draws on neglected Congressional material including some that was previously classified, to illustrate how the legislative branch added to what Blum calls the *smorgåsbord* of American policy. Congressional leaders were especially reactionary and narrow-minded, thereby contributing to a short-sighted and confused American policy.

Second, Blum's interest in America's Asia policy is not confined to China. He is superb in outlining how Washington's general containment policy arose from the ashes of a disastrous China strategy. He illustrated the haphazard way in which the United States sought to fill the East Asian vacuum following the Japanese defeat and the arousal of local nationalisms. The seeds of misperception and ethnocentrism that wrecked American policy in Southeast Asia in the 1960s, were sown 25 years earlier.

Blum's critique of the 1940s 'Rube Goldberg policymaking process' would be justification enough for this excellent study. But he also has a great deal to offer those concerned with contemporary American foreign policy in East Asia. The lessons seem clear, if often painful. Not only is consistent American policymaking next to impossible, but it is also next to useless in such a complex region as East Asia. What is more, America's democratic process may make it possible for researchers such as Blum to obtain access to past high government policy. But it also often gives loud voices and important power to bigots, small-minded leaders and those who are just plain stupid. In the end, Blum leans to the view that some 'judicious leaving alone' (p 216) would be the best policy for the intricacies of East Asian foreign policies. One cannot help wonder how that message is received by Blum's new employers in the CIA.

GERALD SEGAL

*University of Bristol*

**Urban Development in the Third World: internal dynamics of Lahore, Pakistan**

Mohammad A Qadeer

New York: Praeger. 1983. 282pp. np

Through an examination of the 'internal dynamics' of Lahore, Qadeer seeks to throw light on urban development in the Third World. His contention is that although considerable effort has gone into the development of Third World cities, this has failed to produce significant changes in overall living conditions. He suggests that the disparity between programme implementation and programme objectives can be explained by the way the 'inner processes' of the city absorb change and development. In pursuing this train of thought, Qadeer focuses on the 'internal' dynamics rather than on the various external pressures of which all cities are also subject.

Much of the exploration of the 'inner processes' of Lahore's workings is done through 'stories' that Lisa Peattie would be proud of. These vignettes provide colourful insights of a sort that statistics alone never could. Based on his own long and considerable experience of Lahore and its workings, Qadeer manages to overcome the usual hurdle of lack of data and to integrate numerous interdisciplinary strands in a way that provides an evocative picture of the complexity of urban life.

The book that results is fascinating, and to a large extent Qadeer manages to make his case that much has been done in Lahore in terms of providing housing and services. Moreover, much of this has been done as 'correctly' as current professional thinking and advice would suggest. However, it has not been the want of knowing what to do, or even the lack of will to do it, but the resulting effect has not been quite what had been anticipated. Large parts of the city still do not have adequate services, or indeed any. Large segments of the population still do not have access to adequate housing or jobs or amenities. This, Qadeer shows, is because cities like Lahore operate according to their own dynamics, their own rules, which though similar to those of Western cities, are intertwined and coexist with yet others of their own devising.

For example, in looking at the traffic in Lahore, Qadeer says that most Western experts would say that it was chaotic. While agreeing that if Western traffic behaviour rules were applied, indeed things would seem to be chaotic, and indeed for a Western driver, there is chaos. Yet there is order of a kind. There are rules that may not be written, but which are known to and followed by every Lahori driver . . . there are no more accidents than in other cities. For any traffic management proposal to be successful, the planners would have to devise a scheme that took these rules into account, and not presume that what is needed are ways of changing the driving habits of Lahoris to bring them into line with rules laid down in the West.

As a case study of the workings of a Third World city, the book is a useful and welcome addition to the growing literature on urban planning. It is a pity that a book such as this still has to rely on a title that suggests that it is dealing with all of the Third World, and though there is a thirty-page essay on some theoretical considerations of Third World urbanisation, the book is essentially a case study, and a good one at that. There are other quibbles: Who is the book for? What is it trying to do? On the one hand, it would appear to be making a state-of-the-art analysis of urban development, and putting forward a theoretical proposition; on the other hand, it also appears to be trying to set itself the task of catering to the needs of undergraduate students of urbanisation in the West, and feels it necessary to go into explanations of such fundamentals as the use

of shift-share analysis. Unfortunately, these are part of the commercial realities that authors are made to respond to, since the market for such books continues to be Western university students. Hopefully though, books such as this one will help point the way for more case studies of Third World cities; ones that do not feel it necessary to have to deal with the whole of the Third World, and can produce a more accurately titled book.

Until then, forget the main title, look at the lower-case subtitles. Qadeer's book makes valuable reading for anyone seeking to understand why 'planning and development' of a city like Lahore has not resulted in improving the overall conditions of the people of Lahore.

BABAR MUMTAZ

*University College, London*

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### **Boundary Disputes in Latin America**

Peter Calvert

London: Institute for the Study of Conflict. 1983. 28pp. £3.50pb

This pamphlet manages to survey major boundary disputes in Latin America clearly and competently in few pages, and for this purpose should constitute a handy reference tool. However, the relatively narrow focus of the study leads to both conceptual and substantive problems.

No justification is presented for concentrating on boundary disputes to the exclusion of other kinds of regional disputes. For example, boundary disputes are often closely related to resource, migration/refugee, hegemonic/influence and system conflicts, as in Central America (see Morris and Millan (eds), *Controlling Latin American Conflicts. Ten Approaches*, pp 1-10). The author does acknowledge that resource disputes are entangled with boundary disputes by giving the former some passing reference, but this fails to do justice either to the complexity or the dynamics of contemporary Latin American conflicts.

In addition to this conceptual shortcoming, the few pages allocated to each of eight selected regional boundary disputes can go no deeper in terms of substance than to provide a quick overview of prominent characteristics. Without a clear theoretical orientation and rationale for the study, the conclusions are necessarily limited to an impressionistic overview of some shared characteristics of one kind of regional dispute.

MICHAEL A MORRIS

*Clemson University*

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### **The Falklands/Malvinas Conflict: a spur to arms build-ups**

Jozeif Goldblat and Victor Millan

Stockholm: Stockholm International Peace Research Institute. 1983. 63pp. £2.50pb

This booklet was first published as part of the *SIPRI Yearbook 1983 (World Armaments and Disarmaments)*. Its separate appearance in this form represents an economy and a

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## BOOK REVIEWS

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convenience for Falklands analysts, containing sections on the historical background, conflicting British and Argentine claims, the military potential of the adversaries, respective losses, and the costs of the war and consequent arms build-ups. Furthermore, the booklet contains in an appendix a useful chronology of events covering the periods immediately before and after the war, as well as the seventy-four days of hostilities. Particularly helpful to readers who want to pursue the subject in greater detail is an extensive bibliography listing relevant United Nations documents, official British and Argentine materials, and books and articles in both English and Spanish. The booklet also contains a dozen tables and figures, including maps.

The authors' presentation of events is even-handed, with attention to both British and Argentine versions. An attempt is made to maintain even-handedness in the 'conclusions' section (pp 26-30): 'The Falklands/Malvinas war was "unnecessary" in the sense that it was not fought to defend the vital interests of either party. Neither was it a "just" war fought to liberate people suffering from colonial or racist oppression' (p 26). Furthermore, the authors identify miscalculations on both sides—a not unfamiliar element in the origins of war. The role of miscalculations may be granted, but such even-handedness on issues of necessity and justice will undoubtedly elicit varying degrees of disdain among both British and Argentine readers.

However, it is the authors' apparent assumption (reflected in the title) that the war has led directly to a reignited arms race in Latin America which elicits comment here: first, Latin American states (indeed, all states) purchase arms for a host of reasons. Argentina's post-war rearmament (under a civilian government) is arguably less provocative to its neighbours than was a well-armed Argentina under a military government; secondly, it stretches credulity to suggest, as the authors appear to do, that Venezuelan and Colombian arms orders are linked to the Falklands war (p 26); lastly, the Falklands tragedy is negative evidence regarding the efficacy of arms in solving territorial disputes.

WILLIAM L DOWDY

*University of Lancaster*

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### **Impacts of Mexican Oil Policy on Economic and Political Development**

Jesús-Austín Velasco-S.

Lexington, Massachusetts: Lexington Books. 1983. 237pp. £23.00

This is an exceptional book in at least two senses. Firstly, it avoids the political-only or economic-only perspectives, to integrate different approaches in a mostly successful multidisciplinary framework. Secondly, a Mexican scholar's view of the Mexican case is made available in England, an important feat since this view does not always coincide with the US or European experts' approaches. A short Introduction emphasises population pressures: Mexico City is destined to become the largest city in the Third World. The second chapter is devoted to a rather biased and uncritical review of Marxist and neo-Marxist theories of imperialism, dependency and multinationals, where authors like Frank or Amin are mentioned, but not their many critics. Chapter 3 presents the problem as seen by the López Portillo government (1976-82): urban

concentration, waste of human resources, and agricultural stagnation; and its failed attempts at a solution: administrative and fiscal reforms, global and industrial development plans. Chapter 4 is devoted to the oil industry: historical development, reserves and geographical distribution, technological characteristics of production, conflicting interests in policymaking, and the state-owned company PEMEX, the largest enterprise in Latin America. The next chapter deals with Mexico's new international perspective, relations with oil producers and consumers, role in the Caribbean-Central America region, and an interesting analogy between this region and the Persian Gulf.

The discussion of the OPEC link is short, but the analysis of the 1981 glut is excellent. Chapter 6 looks at Mexican-US relations in the context of US energy projections, and Chapter 7, at critical issues and crucial decisions in the fields of employment, income distribution, inflation, oil dependency, food security, political stability, and modernisation. Here, Velasco's adoption of the modernisation approach contrasts with his simplistic neo-Marxist dependency views in Chapter 3, and highlights the latter's role as a nationalist ideology; despite his embracing the dependency school, the author is for modernisation and not for revolution. Overall, the presentation of the oil promises and danger is very satisfactory, but this reviewer could have done with a little less of nationalist rhetoric, and a more balanced look at the increasingly unavoidable economic interdependence between Mexico and the US.

DAVID E HOJMAN

*University of Liverpool*

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**Change and Development in the Middle East: essays in honour of W B Fisher**

Edited by I Clarke and Howard Bowen-Jones

London: Methuen. 1981. 322pp. £18.50

**Inside the Middle East**

Dilip Hiro

London: Routledge and Kegan Paul. 1982. 471pp. £12.50

These two references examine Middle Eastern countries from different angles and for different ends. The Clarke and Bowen-Jones reader is a collection of twenty-one surveys and case studies written by individuals associated with the Department of Geography at the University of Durham. The volume was published in honour of W B Fisher, who retired in 1981 as head of the department and first director of the Centre of Middle Eastern and Islamic Studies at Durham.

Bowen-Jones sets the theme for the volume, lamenting the preoccupation of planned development with economic variables and policies that grow from the simple state interventionism facilitated by the apparatus of central planning. Other contributors to this volume underline the critical dimensions of national development generally neglected not only in the Middle East but in emerging nations in general. Development must deal, among other things, with specific place and time, for 'man is only a free agent within a particular space-time continuum', in the words of one essayist.

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The authors use their expertise in land use, water resources, agriculture, and environment to give warning signals to policymakers, planners, and institutions responsible for national development. We discover that in every Middle Eastern country the proportionate contribution of agriculture to the Gross Domestic Product has fallen. At the same time, manufacturing has risen significantly in only two cases out of ten. Is this truly development? Increased food imports—not to mention possible dietary deficiencies and inequality of distribution—are among the critical concerns expressed.

Many other specific issues are discussed in relation to natural resources and 'geographical realities'. The renewable natural resources of the region are not only limited but are often marginal and will deteriorate further if not skillfully managed. Therefore, developmental studies and evaluation must be integrated with studies of environmental, economic and social variables.

The Clarke and Bowen-Jones volume is a definite contribution to the massive and often confused social science literature on development. It pinpoints problems and issues warnings that policymakers would be at risk to ignore. If the book has shortcomings, they are understandable in a work of this type. The book could benefit by better coordination and updating of data as well as the addition of specific recommendations to guide makers of developmental policy.

*Inside the Middle East* is different from similar publications that appear regularly in the West. Its meticulous detail—and, more important, the sensitivity of the author—reflect a special understanding of events and their significance. Hiro seems to have intimate knowledge of the people, politics, and culture.

Hiro offers many speculative conclusions, inferences, and personal preferences. One may differ with certain of his conclusions, but the book is refreshingly clear of the usual patronizing or condescending remarks replete in the works of many scholars. Hiro's book deals with complex issues and offers updated and balanced information on the area.

JAMIL JREISAT

*University of South Florida*

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### World Outlook 1984

The Economist Intelligence Unit

London: EIU, 1984. 205pp. £45

The EIU *World Outlook* contains entries on the short-term prospects of 160 economies, grouped by geopolitical region, as well as a global overview concentrating on debt, trade, and the dollar. The general conclusion is that 1984 will be a year of still patchy economic recovery, with the growth of world trade below the growth of world product. OECD countries are likely to show an average growth rate of 3.5 per cent, with the US and Japan, and France and Italy, showing the highest and lowest rates respectively. The economic heterogeneity of the Third World is illustrated by the widely diverging prospects for East Asia (benefiting from the expansion of US import demand in 1983 and 1984) and Latin America (still crippled by the requirements of debt service).



**World Tables: third edition**

**Volume 1: Economic Data**

**Volume 2: Social Data**

Baltimore: Johns Hopkins University Press. 1984. Vol 1 585pp. Vol 2 161pp. £28.00

Following earlier editions in 1976 and 1980, *World Tables* contains a global perspective of basic economic and sociable variables for countries and country groups in time sequence from as early as 1950. Volume 1 shows basic and derived economic indicators covering population, national accounts, balance of payments, external public debt, external trade, central government finances, and industrial statistics. Volume 2 contains data on demographic characteristics, health and nutrition, education, employment, income distribution, and consumption. With statistical information based on the standard data formats and definitions used by the World Bank, detailed explanations of the various indicators facilitate the use of both volumes for individual countries or cross-country analysis.

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**Negotiating Foreign Investments, A Manual for the Third World**

Robert Hellawell and Donald Wallace jr (eds)

Washington DC: International Law Institute. 1982. np

This manual has been developed over the past decade in the training courses given internationally by the International Law Institute, based in Washington. Either as a reference text or a text book for the study of negotiation and review of foreign investments, the aim is to assist developing countries in negotiating on an equal footing with foreign investors and lenders, and to carry out investment review functions more efficiently. Areas covered by the manual include: the organisation, decisionmaking, and motivation of multinational investors; the regulation and taxation of foreign investment and agreements; and, changes in the investment relationship. Contributions by practitioners, academics, and journalists are supplemented by case studies, problems, simulated group negotiations, and basic documents used in the field.

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**External Debt of Developing Countries, 1983 Survey**

Organisation for Economic Cooperation and Development

Paris: OECD. 1984. 223pp. £9.00

This factual and analytical review of the financial and debt situations of developing countries includes twenty-two summary tables and 140 basic individual debtor country tables (showing both debt and debt service, and distinguishing between the different creditor sources and terms). Textual sections situate the debt crisis in the context of broad world economic developments, and trace the evolution of the financial flows to the Third World since 1970 which underlie the present debt aggregates and structures. The interaction of key factors highlighted by the survey are well-known: the inability of

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## BOOK REVIEWS

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the major debtors to maintain rapidly mounting interest payments in the context of high real interest rates, falling terms of trade and stagnating world trade volumes, against a background of massive debt accumulation and, in some cases, significant capital flight. Apart from the need to resolve individual problems, the report emphasises the fundamental task of maintaining trade and finance flows in the world economy in a dynamic and sustainable way, and providing the scope for investment, growth, and adjustment in all countries.

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*University of Sheffield*

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